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In the Supreme Court of the United States

OCTOBER TERM 1962

EDWIN A. KAAKINEN and KAAKINEN FISH COMPANY,
Petitioners,

vs.

THE PEELERS COMPANY, a partnership.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

PETITION FOR WRIT OF CERTIORARI

Petitioners, Edwin A. Kaakinen and Kaakinen Fish Company, pray that a writ of certiorari issue to review the judgment of the Circuit Court of Appeals for the Ninth Circuit affirming the decision of the District Court for the Western District of Washington, Southern Division, Appellant's Petition for a Rehearing having been denied.

OPINIONS OF DISTRICT AND APPELLATE COURTS

At the close of the trial the District Court requested that both plaintiff and defendants file proposed findings of fact and conclusions of law, as well as briefs. In a short memorandum opinion printed in the Record on Appeal at page 138 and in 126 USPQ 42, all of plaintiff's proposed findings and conclusions 1 through 50,

were adopted by the District Court with minor modifications and additions, such findings being printed in the Record on Appeal at page 144.

On appeal to the Court of Appeals for the Ninth Circuit the original judgment or decree by Wollenberg, District Judge, was dated and entered January 22, 1962, 301 F.2d 170, 132 USPQ 307.

A petition for rehearing of the original decision by the Circuit Court was filed on February 19, 1962, requesting a rehearing en banc on the question of conflict with other decisions of the Ninth Circuit Court of Appeals and this petition for rehearing was denied on April 10, 1962, by an opinion of Wollenberg, District Judge, reported at 301 F.2d 173 and 133 USPQ 298.

The original decision of the Circuit Court and the decision on rehearing are printed in the appendix to this petition.

JURISDICTION

Jurisdiction of this Court is invoked under 28 U.S.C. 1254(1) and 28 U.S.C. 2101(c).

QUESTIONS PRESENTED

1. May a Court base its determination of invention and infringement of a patent solely on the success and operation of a commercial machine of the patent owner when that commercial machine is different in construction from the machine described and shown in the patent, and the machine of the patent was admittedly unsuccessful?

2. Does processing of a different commodity consti-

tute such a "new use" of an assembly of old parts as to eliminate the necessity of complying with the requirement of the Supreme Court in *The Great A & P Tea Co. v. Supermarket Equipment Corporation*, 340 U.S. 147, that the old parts or elements must perform an additional or different function in the combination than they perform out of it to constitute invention?

3. Is the intent of Rule 52(a) of the Federal Rules of Civil Procedure fulfilled in patent cases by findings of fact which recite simply legal tenets of patentability without recitation of any factual basis found in the particular case to support such tenets?

RULE INVOLVED

The following portion of a Rule of Federal Civil Procedure is pertinent to question 3:

FINDINGS BY THE COURT

"Rule 52(a) Effect. In all actions tried upon the facts without a jury or with an advisory jury, the court shall find the facts specially and state separately its conclusions of law thereon and direct the entry of the appropriate judgment."

STATEMENT OF THE CASE

The basis for jurisdiction of this case by the District Court is 28 U.S.C. 1338(a), this case having been a suit for patent infringement under 35 U.S.C. 281. Defendant-petitioners also brought a counterclaim for a declaratory judgment based on 28 U.S.C. 2201 and the District Court venue was proper in accordance with 28 U.S.C. 1400.

The Peelers Company, owner of the following three patents, has asserted that shrimp peeling machines de-

signed by Skrmetta and purchased and used by defendants-petitioners infringe certain claims of such patents.

No. 2,429,828 dated Oct. 28, 1947; filed July 25, 1944, for Shrimp Peeler.

No. 2,537,355 dated Jan. 9, 1951; filed Dec. 7, 1947, for Machine for Peeling Shrimp

No. 2,574,044 dated Nov. 6, 1951; filed April 1, 1946, for Shrimp Peeling Machine.

The shrimp peeler of the first patent, 2,429,828, application filed July 25, 1944, was the first machine built to completion (R. 717) and it was dismantled and the parts discarded (R. 720).

The next shrimp peeling machine constructed was that of patent 2,574,044, application filed April 1, 1946 (R. 720) and it also was dismantled and parts discarded (R. 720).

No evidence was introduced that the shrimp peeling machine of patent 2,537,355, application filed December 7, 1947, was ever constructed.

Thus, the efforts of the Peelers Company to produce a commercially successful shrimp peeling machine during the years 1944 to 1948 were unfruitful, such efforts resulting only in 1944 in the discarded machine of patent 2,429,828; in 1946 in the discarded machine of patent 2,574,044 and in 1947 in the inoperative and insufficient concept of the machine disclosed in patent 2,537,355.

In about May of 1949 a shrimp peeling machine different from all the machines disclosed in the patents involved in suit was offered to the industry by the predecessor to the Peelers Company, owner of the patents

in suit. By 1959 one hundred twenty-four of these commercial machines were on lease in the United States. This commercial machine was immediately successful in 1949, and since then has virtually eliminated hand peeling in the shrimp canneries.[1] These commercial shrimp peeling machines were alike[2] and may be considered as a single machine,[3] in contrast to the three distinct machines of the three patents in suit which are different from each other and from the commercial machine, all of which were unsuccessful. Actually, this commercial machine is substantially like the machine disclosed in the later patent 2,778,055, of the same ownership, not involved in the suit.

Inventiveness of the *machines of the patents in suit* was completely predicated by the Trial Court on *results achieved* by the *commercial* machines of different design. Those results were broadly labor-saving over hand peeling and increased production.[4]

Also, infringement of the three patents in suit was established collectively by comparison of a Skrmetta machine, not with any machine disclosed in any one of the patents in suit, but with the commercial machine.[5]

In this suit defenses of lack of invention over prior art patents, double-patenting between patents 2,429,828 and 2,574,044, and between patents 2,574,044 and 2,537,355, and insufficiency of disclosure of patent 2,537,355 were asserted.

[1]Finding of Fact 20.

[2]Finding of Fact 19.

[3]Finding of Fact 18.

[4]Finding of Fact 21.

[5]Findings of Fact 40, 41, 42 and 43.

The Court adopted 52 Findings of Fact presented by counsel for plaintiff, with minor changes. The findings can be classified in groups, as follows:

Eight general findings, Nos. 1 to 8.

Thirteen "shrimp" findings, Nos. 10 to 15, 29 to 35.

Seven infringement findings, Nos. 36 to 39, 44, 50, 52.

Thirteen commercial machine findings, Nos. 16 to 21, 25, 27, 28, 40 to 43.

Four "new combination" findings, Nos. 9, 22, 23, 24.

One "pioneer invention" finding, No. 26.

One "double patenting" finding, No. 51.

One "sufficient disclosure" finding, No. 46.

Four "prior art" findings, Nos. 45, 47, 48, 49.

Although three patents are involved in this suit and twenty-one of their claims were alleged and held to be infringed, neither the District Court, nor the Circuit Court in the opinions or in the findings of fact on "new combination" discussed or attempted to identify what was considered to be a "new combination" with respect to the issue of invention. There was no discussion or identification in the opinions or findings as to what was considered to be the "invention" of any of the patents or representative claims in suit. Moreover, no attempt was made to differentiate between the purported inventions of the three patents. Neither was there any attempt to explain how any "invention" of any of the patents in suit contributed to, or was responsible for, the success of the commercial machine.

Similarly, the opinions and findings of fact relating to "prior art" patents did not discuss any of the ma-

chines or features of such prior art machines, but commented only to the general effect that the prior art did not anticipate the claims of the patents in suit,[6] that these prior art machines were intended for picking or peeling products other than shrimp,[7] and that these prior patents did not teach successful shrimp-peeling combinations.[8]

In Appellants' Petition for Rehearing before the Circuit Court, Ground 1 stated

> "Should this case be remanded with directions for the Trial Court to make factual findings as to the prior art and the separate inventive improvement of each of the three patents in suit?"

In denying rehearing District Judge Wollenberg, speaking for the Court of Appeals, stated,

> "The findings are detailed and complete in respect to prior art."

In his original decision on appeal Judge Wollenberg stated,

> "The trial court, in its holding of validity of the claims over prior art, correctly analyzed the existing patents presented as a 'prior art' defense. * * * Appellants rely upon many references to sustain a 'prior art' defense. Corn-huskers, rock and gravel strainers, peanut-stemmers, and onion skinners are some of the other machines referenced by appellants."

Both in briefs and argument before the District Court and the Appellate Court defendants-petitioners

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[6]Finding of Fact 45.

[7]Finding of Fact 47.

[8]Findings of Fact 47, 48 and 49.

analyzed the construction of various prior art patents, most of which were not cited by the Patent Office against the applications resulting in those patents, and pointed out to the Court how the features of the various claims were shown and described by these prior patents.

The decision of the Circuit Court stated,

> "In respect to the validity of the invention over prior art the trial court found a new combination of old elements,"

and has made reference to Findings of Fact 21, 24, 26 and 49 of the District Court. These findings do not discuss either the nature of the "prior art," or the structure of the new combination, or of what old elements such asserted new combination is composed, or in which of the three patents in suit it is disclosed or claimed.

The Appellate Court further stated,

> "The trial court, in its holding of validity of the claims over prior art, correctly analyzed the existing patents presented as a 'prior art' defense. The evidence presented supports the findings of the court in this regard."

Neither the opinion or findings of fact of the District Court contains an analysis of any machine of any existing prior art patent and the Appellate Court does not indicate to what "evidence" it has reference in the above statement.

With respect to the Peelers commercial machine the Appellate Court stated,

> "Machines embodying the combination of appellee's machines revolutionized the shrimp canneries, bringing new results in yields and upgrading the shrimp with a consequent rise in its market value.

> * * * The evidence shows that the success of the machines here was substantial and immediate."

These statements are made with reference to the Peelers commercial machines because the three machines shown in the drawings and disclosed in the three patents in suit were unsuccessful.

REASONS FOR GRANTING CERTIORARI

1. At the present time two other suits in different United States District Courts are pending in which the Peelers Company has charged infringement of the three patents here in issue by Skrmetta machines, and a third suit by the Peelers Company against other parties is pending in the same District Court in which the present suit was tried.

In the case of *The Peelers Company v. Paul C. Skrmetta, et al.*, D.C. E.D. Louisiana, C.A. 7294, Judge West, who has never tried a patent case, has expressed the opinion that the decision in this case in D.C. W.D. Washington and in the 9th Circuit has settled all the issues in the Louisiana case even though it is not *res judicata* because of the difference in parties. In the case of *The Peelers Company v. King Crab, Inc.*, D.C. Alaska, C.A. A-32-62, the Court has granted a preliminary injunction against King Crab, Inc., on the basis of the decisions in this case although again *res judicata* does not apply. If the basis of the decisions by the District Court and the Appellate Court in this case are improper, therefore, the errors inherent in those decisions are likely to be multiplied by other courts following such improper precedents, resulting in far-reaching injustice.

2. A complaint has been issued by the Federal Trade Commission against the Peelers Company, Docket No. 7887, involving practices relating to its leases of shrimp-peeling machines to virtually the entire United States shrimp industry. If the validity of the patents here in suit has been improperly evaluated by the Courts and such patents actually are invalid, that fact would be highly pertinent to the issues of the Federal Trade Commission proceedings.

3. Each patent represents a separate and independent monopoly and the public is entitled to know the boundaries and duration of each patent monopoly. Patent 2,429,828 will expire October 28, 1964; patent 2,537,355 will expire January 9, 1968, and patent 2,574,044 will expire November 6, 1968. To give general blanket rulings on invention of all three patents without discrimination between them, where the subject matter claimed is very similar, effectively extends the life of the patent first to expire for a period of more than four years and of the second patent ten months, by judicial action, which tends to discourage, instead of to encourage, invention.

4. There is generally a split of authority on whether the finding of only "ultimate facts" as to patentability and invention constitute sufficient compliance with Rule 52(a) of the Federal Rules of Civil Procedure. This Court has given some guides to the nature of findings of fact which should be made to provide proper detail in a railroad reorganization case (*Ecker v. Western Pacific Railroad Corp.*, [illegible] U.S. 448, and *Group of Institutional Investors v. Chicago Milwaukee*

St. Paul & Pacific Railroad Company, 318 U.S. 523), in a drainage district reorganization plan (*Kelly et al. v. Everglades Drainage District*, 319 U.S. 419) and in a gift tax case (*Commissioner of Internal Revenue v. Duberstein*, 363 U.S. 278), but the first two of these cases involved special statutes and the last case, while raising the problem, is not helpful in a *patent* case.

5. The ruling in this case that patents for picking or peeling articles other than shrimp are disqualified as prior art pertinent to show that old elements of the machines of the patents in suit perform no new or different function, is contrary to the proper application of the doctrine of *The Great Atlantic & Pacific Tea Company v. Supermarket Equipment Corp.*, 340 U.S. 147. Moreover, such ruling is inconsistent with the practice of the Patent Office in this regard. A ruling by the Supreme Court on this point would promote consistency between the Courts and the Patent Office.

6. It is believed that the principle expressed by the Supreme Court in the case of *Leishman v. Associated Wholesale Electric Company*, 318 U.S. 203, applies here, namely, that

> "We granted certiorari to settle the important question of practice presented under the Rules of Civil Procedure."

It is believed that the practice as to the nature of findings of fact appropriate in patent cases is very important in order to enable an Appellate Court to review satisfactorily the decision of the Trial Court.

ARGUMENT

Question One

Throughout the findings, conclusions and decision of the District Court and the decisions of the Appellate Court on original hearing, and on rehearing, the three *separate and complete* shrimp peeling machines of the three separate patents have been disregarded. Complete reliance for patentability and infringement of the patents has been predicated on the success of a *commercial* machine of the patent owners which is different from each of the three machines of the patents in suit.

With respect to the question of infringement the Trial Court based his findings on a comparison of the performance of the commercial machine with the performance of the defendants-petitioners' Skrmetta machine without any determination as to the similarity between the successful commercial machine and the machines of the three patents in suit, all of which were failures.

The lower Court adopted Finding of Fact 16:

> "Prior to 1949 attempts had been made to design machines for the peeling of shrimp, but no successful machines were devised and the canneries continued to employ workers for the hand peeling of shrimp."

The Circuit Court Opinion stated:

> "Until 1949 the peeling of shrimp was all done by hand * * * Prior to that from 1944 attempts to pick shrimp by machine had not been successful in eliminating hand picking."

On appeal defendants-petitioners asserted as one specification of error.

"14. Because appellee's commercial machine is essentially the machine disclosed in appellee's patent 2,778,055 and not the machine disclosed in any of the patents in suit, the District Court erred in comparing appellee's commercial machine with appellants' Skrmetta machine in evaluating infringement of the *patents* in suit in findings 37, 41, 42, 43 and 52."

The Appellate Court ruled specifically on this point, stating

"A review of the evidence on this point, which includes a test in the plant of the machines, and the testimony of an expert witness, Strasburger, led the District Court to make findings of fact as to infringement, and there is no error of law in this regard."

The Court then cited in a footnote facts 39, 41 and 42 pertaining to the comparative tests of the Peelers' *commercial* machine with the Skrmetta machine.

No cases in point decided by the United States Supreme Court have been found. The present case, however, is inconsistent with other lower court decisions, including decisions in the Ninth Circuit. The case of *S. S. Kresge Company v. Davies*, 8 Cir. 1940, 112 F.2d 708, stated,

"In considering the question of infringement, we must compare the accused product or device with the teaching of the patent in suit *as disclosed by the specifications and claims*, rather than with plaintiff's commercial device." (Italics supplied)

In *Magnavox v. Hart & Reno, et al.*, 9 Cir. 1934, 73 F.2d 433, the Court stated,

"it is axiomatic in the patent law that infringe-

ment depends, not upon what is manufactured or sold by the patentee, but upon what he has *patented.*"

This Court then quoted with approval from the previous Ninth Circuit Court case, as follows:

> "In Grand Rapids Show Case Co. v. Weber Show Case & Fixture Co., 38 F.(2d) 730, 731, certiorari denied, 281 U.S. 767, 50 S. Ct. 465, 74 L.Ed. 1174, the late Judge Dietrich, of this court, said: 'It may be true that the cases which appellant (the patentee) actually manufactures and markets much more closely resemble the defendant's structure, but its suit is necessarily predicated, not upon what it manufactures, but upon what it has patented.'"

Presumably in that case certiorari was denied because the case stated what the United States Supreme Court then believed to be the correct law, but in the present case the same Circuit has now reversed its point of view.

The cases of *Kresge Company v. Davies, Magnavox Co. v. Hart & Reno* and *Grand Rapids Show Case Co. v. Weber* were relied upon in *General Electric Co. v. Jewel Incandescent Lamp Co.*, D.C. D. N.J. 1942, 47 F.S. 818, 55 USPQ 474. To the same effect are *Tampax Incorporated v. The Personal Products Corporation*, D.C.E.D. N.Y. 1941, 38 F.S. 663, 49 USPQ 311; *Drakoff v. Morays Manufacturing Co., Inc.*, D.C.E.D. N.Y. 1939, 30 F.S. 268, 43 USPQ 236, and *Hartford-Empire Co. v. Obear Nester Glass Co.*, 8 Cir. 1930, 39 F.2d 769, 4 USPQ 483.

Correspondingly, indicia of inventiveness should not be imputed to the "inventions" of the patents in suit

when the commercial success as recognized by the Court of Appeals, as well as by the District Court, was *only* that of the commercial machine and not any of the machines disclosed in the patents in suit.

> "Thus, commercial success becomes insignificant because it was achieved as a result of plaintiff's commercial sheet and not the sheet described in their claim." *Kromer, et al. v. Riegel Textile Corp.*, 7 Cir. 1955, 227 F.2d 741, 107 USPQ 317.

The machines of the patents in suit developed in 1944, 1946 and 1947, respectively, cannot be held to be inventive on the basis of the performance of the Peelers 1949 commercial machine. As the Circuit Court stated in this case,

> "The first successful machine came into use in the year 1949. Prior to that from 1944 attempts to pick shrimp by machine had not been successful in eliminating hand picking."

In *B. F. Goodrich Co. v. United States Rubber Company*, 4 Cir. 1957, 244 F.2d 468, 113 USPQ 393, the Circuit Court pointed out that the action of the Patent Office seemed to have been influenced by the claim of commercial success, but that this commercial success

> "was not due to the simple combination taught by the patent but to changes subsequently made."

It is certainly to be presumed that the success of the Peelers commercial machine was due to changes made over the unsuccessful patented machines.

Neither the District Court nor the Appellate Court discusses the comparative structures of the three machines of the three patents in suit, or of the commercial machine. Did the court reason that since the Peel-

ers *commercial* machine had been of benefit to the industry it should be protected by holding the patents in suit valid and infringed without investigating the relationship between the machines of the several patents and the commercial machine? The situation is, of course, much more complicated when one tries to correlate a commercial machine with *three different* machines of *three different patents* in suit, especially when the commercial machine is most similar to the machine disclosed in a *fourth* patent not in suit.

Question Two

It has generally been considered in patent law that a new use of an old device did not make that *device* patentable *again* because of the new use. Thus, a nutcracker could not be repatented as a crab cracking machine simply because the same device was used to crack crabs.

The general statement of the Appellate Court in the original decision raises a serious question as to the attitude of that Court on this "new use" doctrine. The Court held,

> "The evidence, therefore, clearly demonstrated the validity of the patents in suit and was summed up in the trial court's Finding of Fact No. 26: 'The inventions of the patents in suit are primary and pioneer inventions in the *art of shrimp processing.*'" (Italics supplied)

As a preface to this statement, the Appellate Court said

> "Appellants rely upon many references to sustain a 'prior art' defense. Corn-huskers, rock and gravel strainers, peanut stemmers, and onion skin-

> ners are some of the other machines referenced by appellants."

The inference is, therefore, that the "prior art" was discarded as being pertinent because it did not relate to "shrimp processing."

The fact is that *all* of the claims of *all* of the patents in issue relate to picking or peeling *machines*. Consequently, the decision of *Concrete Appliances Company et al. v. Gomery et al.*, 269 U.S. 177, is pertinent. In that case the Court found that there was no invention in using, for handling "wet" concrete, appliances which previously had been used

> "for the elevation and distribution of mobile substances, such as grain and coal, which involved, both in principle and in practical detail, all the elements described in the Callahan claims."

Apparently, in the present case there was no attention given to individual elements of the machines defined in the claims.

There is also the important circumstance in this case that corn huskers and rock and gravel strainers and other types of picking and peeling machines were cited by the Patent Office in rejecting claims of an application of one of the patents in suit, and as a result of this rejection the applicant cancelled the claims. It appears, therefore, that the practice which has been established by the decision of the Ninth Circuit Court in this case is contrary to the practice in the Patent Office on the particular art here involved.

The finding of the District Court most pertinent to this question is,

"24. The new combinations of the patent claims here in issue produced new functions and new results *in the peeling of shrimp;* the elements of these combinations are so arranged and so cooperate as to perform functionally more than the mere elimination of hand labor." (Italics supplied)

In the case of *The Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corp.,* 340 U.S. 147, the Supreme Court confirmed the requirement in the previous case of *Lincoln Engineering Co. v. Stewart-Warner Corp.,* 303 U.S. 545, 549, 450 O.G. 3. that

> "The mere aggregation of a number of old parts or elements which, in the aggregation, perform or produce no new or different function or operation than that theretofore performed or produced by them, is not patentable invention."

The Court then went on to say that,

> "only when the whole in some way exceeds the sum of its parts is the accumulation of old devices patentable."

In Finding No. 24 the District Court stated that the elements "performed functionally more than the mere elimination of hand labor." The Court apparently felt that it was unnecessary to find as a basis of "invention" that

> "*old elements* which made up this device perform any *additional or different function in the combination* than they perform out of it," (Italics supplied)

presumably because of the alleged "new use." The Supreme Court continued,

> "Two and two have been added together, and still they make only four. * * * This patentee has

> added nothing to the total stock of knowledge, but has merely brought together segments of prior art and claims them in congregation as a monopoly."

The Court appears to feel that the fact that the machine was devised to process *shrimp,* rather than some other commodity, excused the Court from complying with the requirements of the Supreme Court in the *A & P* case.

The District Court also found in this case,

> "22. The new combinations covered by the patent claims here in issue overcame problems of long-standing in the shrimp peeling art,"

but in the *A & P v. Supermarket* case the Supreme Court stated,

> "The court of appeals and the respondent both lean heavily on evidence that this device filled a long-felt want and has enjoyed commercial success. But commercial success without invention will not make patentability."

As has been pointed out earlier in this petition, the "commercial success" and "overcoming of problems" was *not* accomplished by any of the machines of the patents in suit, but by the *different* commercial machine.

It is respectfully submitted that the Supreme Court should consider whether such "new use" situation constitutes an exception to the principles applied by the Supreme Court in the *A & P v. Supermarket* case. In the absence of such a review by the Supreme Court it would appear that this decision of the Ninth Circuit will be used as authority for future rulings that utilizing a collection of old elements for processing a differ-

ent type of product would constitute an exception to the *A & P* decision doctrine.

The importance of review by the Supreme Court is increased by the fact that the decision of the Ninth Circuit Court in this case is contrary to the position that has been taken by the Patent Office. It is believed that the reason that the claims of the patents here in suit were granted was inadvertence on the part of the Examiner in failing to discover patents called to the attention of the District Court by defendants-petitioners, but if the decision of the Ninth Circuit Court has established a proper exception to the rule of the *A & P v. Supermarket* case decided by the Supreme Court, this rule should also be followed by the Patent Office.

Question Three

The only information of consequence which can be gleaned from the findings of fact, conclusions and opinion of the District Court and from the original and rehearing opinions of the Circuit Court is that the patents in suit relate to shrimp peeling machines. What their construction is, what the construction of prior art devices is and what differences, if any, are present in each machine of each of the three patents in suit does not appear.

Of all the Findings of Fact only five relate to "invention" of the claims of the patents in issue, as follows:

> "9. The inventions covered by the patent claims here in issue are new combinations of elements, which elements, considered singly, are generally old. Shrimp peeling machines embodying these inventions were the first machines ever successfully

used in the automatic bulk peeling of shrimp in shrimp canneries.

"22. The new combinations covered by the patent claims here in issue overcame problems of long-standing in the shrimp peeling art.

"23. Previously proposed machines for automatically peeling large volumes of shrimp were unsuccessful and plaintiff's new combinations covered by the patent claims here in issue succeeded where others had previously failed.

"24. The new combinations of the patent claims here in issue produced new functions and new results in the peeling of shrimp; the elements of these combinations are so arranged and so cooperate as to perform functionally more than the mere elimination of hand labor.

"26. The inventions of the patents in suit are primary and pioneer inventions in the art of shrimp processing."

Only one finding and one conclusion are directed to the issue of double patenting as between patents 3,537,355 and 2,574,044, no finding being made as to double patenting between patents 2,429,828 and 2,574,044.

"51. The patents Nos. 2,537,355 and 2,574,044 are patentably distinct from each other.

"2. The defense of double patenting as advanced by defendant in this case must be denied because the patentees of the '044 and '355 patents are different and the claims in question express inventions which are patentably distinct from each other."

Only one Finding of Fact relates to the issue of insufficient disclosure of patent 2,537,355.

"46. Defendant's assertion that the '355 patent contains an inoperative and insufficient disclosure is not supported by the evidence. The disclosure of the '355 patent is sufficient to enable a person skilled in the art to make and use the inventions therein described and claimed for the objectives and purposes therein stated."

With reference to whether findings making general statements of ultimate fact are sufficient compliance with Rule 52(a) in patent cases there is no mention in the Memorandum Decision of the District Court (R. 138), its Findings of Fact and Conclusions of Law (R. 141 to 169), and the Decisions of the Appellate Court, original and on rehearing, as to the subject matter claimed by patent 2,429,828 in suit. The only reference to the claimed subject matter of patents 2,574,044 and 2,537,355 is to both of them simultaneously that claims of these patents refer to a roll (Finding of Fact 38), or a roller (Finding of Fact 39), and it may be inferred that rollers in some way form peeling channels and that pressure fingers of some type are somehow involved (Finding of Fact 41).

There is no discussion of the structure of any of the prior art patents with respect to which the District Court adopted Findings 45, 47, 48 and 49.

The only United States Supreme Court case found ruling in any way on findings of fact in a patent case is that of *United States v. Robert Esnault-Pelterie*, 299 U.S. 201, in which the case was remanded to the Court of Claims on the ground that that Court had failed to make specific findings on the main issues concerning validity and infringement. This Court considered the

case again in *United States v. Robert-Esnault-Pelterie*, 303 U.S. 26, in which the Court by inference approved the procedure of the Court of Claims making findings in addition to those of ultimate fact by saying,

> "We may, of course, inquire whether the subordinate or circumstantial findings made by the court below necessarily override its ultimate findings of fact and show that the judgment in point of law is not sustainable."

Such an inquiry would be impossible if there were no subordinate findings, but the decision does not state that such subordinate findings must be made, to comply with the Federal Rules of Civil Procedure, Rule 52(a).

In the case of *The Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corp.*, 340 U.S. 147, the Court stated,

> "The district court explicitly found that each element in this device was known to prior art."

Similarly, in the present case the Trial Court found,

> "The inventions covered by the patent claims here in issue are new combinations of elements which elements, considered singly, are generally old."

What the "elements" were and what the "new combinations" were for *each* of the patents in suit is not disclosed by the findings or opinion of the Trial Court or of the Circuit Court. In the *A & P* case the Supreme Court pointed out that,

> "Neither court below has made any finding that old elements which made up this device perform any additional or different function in the combination than they perform out of it."

In the instant case various findings point out the virtues of mechanization of shrimp peeling by the commercial machine, but there is nothing said about the way elements of the devices cooperate or function differently from elements in prior devices.

The uncertainty even in the same circuit is illustrated by the following statement giving one point of view,

> "Insofar as the district court's findings of fact make no specific mention of any particular prior art, but merely refer to the Dorey patent in suit as being 'new and useful and is not anticipated by the prior art,' they are clearly erroneous. 28 U.S. C.A. Rule 52(a)." *Enterprise Railway Equipment Company v. Keystone Railway Equipment Company,* 7 Cir. 1959, 267 F.2d 102, 121 USPQ 364.

By contrast, the same circuit on two different occasions had indicated that it was only necessary for the Court to find the "ultimate" facts of invention or discovery, authorship, novelty and utility in *Galland-Henning Manufacturing Co. v. Logemann Bros. Co.,* 7 Cir. 1944, 142 F.2d 700, USPQ 466, and *Harley C. Loney Co., et al. v. Ravenscroft, et al.,* 7 Cir. 1947, 162 F.2d 703, 74 USPQ 47. The former case based its conclusion on a consideration of the case of *United States v. Esnault-Pelterie,* 340 U.S. 147, and in the latter case the Court commented,

> "If all ultimate facts are found and are substantially supported by evidentiary facts, *which of course need not be incorporated in the findings of fact,* then the court should conclude as a matter of law that the disclosure is patentable, otherwise not." (Italics supplied)

The issue is thus presented as to whether the ruling of the Supreme Court in the case of *United States v. Robert Esnault-Pelterie, supra,* was intended to be interpreted to encourage District Courts to make findings on the questions of authorship, ownership, novelty and utility, *without any discussion or findings as to "subordinate or circumstantial findings,"* as mentioned in the second case of the *United States v. Robert Esnault-Pelterie,* 303 U.S. 26.

Putting the matter in another way, would findings by the District Court *only* on such "ultimate facts" meet the test *in patent cases* expressed by the Supreme Court in the case of *Kelley v. Everglades Drainage District,* 319 U.S. 415, that

> "there must be findings, in such detail and exactness as the nature of the case permits, of *subsidiary* facts on which the ultimate conclusion of fairness can rationally be predicated. * * * We hold only that there must be findings, stated either in the court's opinion or separately, which are sufficient to indicate the factual basis for the ultimate conclusion."

The inquiry here is whether the Court used the designation "ultimate conclusion" in the sense in which it used the term "ultimate facts" in its statement in the *patent* case of *United States v. Robert Esnault-Pelterie,* 299 U.S. 201, that

> "validity and infringement are ultimate facts on which depends the question of liability."

In other words, would the Supreme Court support the rule in patent cases that was stated by the Ninth Circuit Court of Appeals in *Irish v. United States,* 9 Cir. 1955, 225 F.2d 3, that

> "Findings of fact are required under Rule 52(a), Federal Rules of Civil Procedure, 28 U.S.C.A. The findings should be so explicit as to give the appellate court a clear understanding of the basis of the trial court's decision, and to enable it to determine the ground on which the trial court reached its decision."

If this is the rule to be applied in patent cases the next question is whether the Ninth Circuit Court has followed this announced rule in the present case.

On petition for rehearing, as on the original appeal, defendants-petitioners urged that the findings of the District Court were inadequate. In the decision on rehearing Wollenberg, District Judge, stated,

> "The findings are detailed and complete in respect to prior art, time of invention, existence of competing machines, the nature of competing machines and comparison of functions; in short, novelty, utility and invention."

In view of the fact that no concept of the structures of the different machines of the three patents in suit, or of the Peelers commercial machine, or of the prior art machines, or of the alleged infringing Skrmetta machine can be obtained from a reading of the findings of fact, conclusions, District Court opinion, original Circuit Court opinion or Circuit Court opinion on rehearing, it is respectfully submitted that there is a most serious issue in this case as to how findings of fact in *patent cases* should be prepared and interpreted in order to enable the Appellate Court "to determine the ground on which the trial court reached its decision" announced as the objective of findings of fact by the Ninth Circuit, as quoted above.

Without the Trial Court having made adequate findings to constitute a proper basis for the "ultimate" facts it is not understood how the Appellate Court could have reviewed the basis for the decision of the lower court according to properly applicable rules of patent law. The decision of the Appellate Court verifies this contention because, while cases stating various precepts of patent law were recited by the Appellate Court, no application of these precepts was made to the *facts* of the present case, as was done by this Court in the case of *The Great Atlantic and Pacific Tea Company v. Supermarket Equipment Corp.*, 340 U.S. 147, for example.

The situation in this particular case is especially baffling because in four cases, three of which are very recent, the Ninth Circuit Court of Appeals has remanded patent cases to the District Court for more adequate findings. Those cases are,

Hycon Manufacturing Co. v. H. Koch & Sons, 9 Cir. 1955, 219 F.2d 353, 104 USPQ 231;

National Lead Company v. Western Lead Products Co., 9 Cir. 1961, 291 F.2d 447, 130 USPQ 4;

Welsh Co. of California v. Strolee of California, Inc., 9 Cir. 1961, 290 F.2d 509, 129 USPQ 175;

Hayes Spray Gun Company et al. v. E. C. Brown Company, 9 Cir. 1961, 291 F.2d 319, 129 USPQ 383.

CONCLUSION

It is respectfully submitted that it would be very undesirable for the principles followed in this case by the Ninth Circuit Court of Appeals to stand and it is therefore urged that this writ of certiorari be granted.

Respectfully submitted,

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APPENDIX A

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

EDWIN A. KAAKINEN, AND KAAKINEN FISH COMPANY, *Appellants*, vs. THE PEELERS COMPANY, a Partnership, *Appellee*.	No. 16,936 Jan. 22, 1962

Appeal from the United States District Court for the Western District of Washington, Southern Division

Before: CHAMBERS and HAMLEY, Circuit Judges, and WOLLENBERG, District Judge

WOLLENBERG, District Judge:

The District Court for the Western District of Washington, Southern Division, had jurisdiction over these patent claims under the patent laws of the United States (35 U.S.C. 281). Jurisdiction of the District Court is founded on 28 U.S.C. 1338(a).

The controversy concerns a machine or picker designed to peel raw shrimp, i.e. to divest edible meat of the head, shell, tail and other appendages. This peeling of the raw shrimp is a necessary step in the operation of a cannery where the ultimate aim is placing the shrimp meat, after blanching, in cans.

The canning of shrimp is an old industry dating from 1878, and until 1949 the picking of shrimp was all done by hand. The first successful machine came into use in the year 1949. Prior to that, from 1944, attempts to pick shrimp by machine had not been successful in eliminating hand picking. In 1949 appellee's predecessor of-

fered to the industry a machine embodying the inventions covered by the claims of patents in suit. Since that year these machines have virtually eliminated all hand peeling of shrimp in the canning industry.

Appellants herein were users of the appellee's machines, and while so using these machines installed two of the accused machines[1] and used them for varying periods, not substantial in time.

In the District Court the plaintiff-appellee charged infringement as to certain patents[2] and the defendants-appellants counter-claimed for a declaratory judgment declaring the patents involved to be invalid and not infringed. The District Court found the patents to be valid and to have been infringed by the defendants, dismissed the declaratory judgment counterclaim with purejudice, and ruled that defendants were entitled to an accounting for damages.[3]

Jurisdiction is well founded upon appeal.[4]

In respect to the validity of the invention over prior art the trial court found a new combination of old elements.[5] The controlling principles which guided our

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[1]These two machines were designated throughout the trial as "Skrmetta Machines." The trial court's Findings Numbers 41 and 42 clearly set out the similarities and differences in the appellants' and appellee's machines, and in Finding 42(a) the trial court found the following:

"(a) The plaintiff's machine and the accused machine operate in the same manner in the peeling of shrimp."

This finding is sustained by the evidence.

[2]The patents in suit are designated as follows:

(1) Number 2,429,828, designated as '828 hereafter;
(2) Number 2,574,044, designated as '044 hereafter;
(3) Number 2,537,355, designated as '355 hereafter.

[3]Record, p. 263.

[4]See: 28 USCA 1292(a)(4) (1954).

[5]Findings of Fact, 21, 24, 26, 49.

review on this point have been succinctly stated in *Webster Loom Co. v. Higgins*,[6] as follows:

> "It may be laid down as a general rule, though perhaps not an invariable one, that if a new combination and arrangement of known elements produce a new and beneficial result, never attained before, it is evidence of invention."

This Circuit, in *Pursche v. Atlas Scraper and Engineering Co.*,[7] quoting from Professor Robinson in his work on Patents, approves and expounds the principle stated, supra:

> "Where operations or instruments are thus united, one of two results must follow. Either each element remains unchanged in function and effect; or by the action of the elements upon each other, or their joint action on their common object, they perform additional functions and accomplish additional effects. The former union is a mere collocation or aggregation of the elements. Although they have been brought together in an apparent organism and rendered more available for use, they still remain the same distinct and independent means, still acting as so many separate units and not co-operating with each other to perform additional functions and accomplish additional results. Such unions, therefore, are not the creation of new means. They do not involve an exercise of the inventive faculties, nor can they be protected by a patent.
>
> . . . .
>
> "But when these elements are so united that by their reciprocal influence upon each other, or their joint action on their common object, they perform additional functions and accomplish additional re-

[6] 105 U.S. 580, 591 (1881).

[7] Numbers 16410, 16411, December 12, 1961.

> sults, the union is a true combination. While every element remains a unit, retaining its own individuality and identity as a complete and operative means, their combination embodies an entirely new idea of means, and thus becomes another unit, whose essential attributes depend on the cooperative union of the elements of which it is composed. Such a combination is a different invention from the elements themselves, whether considered in their separate or their aggregated state, the method of their co-operation in the combination being the result of the inventive act. Whether the elements are new or old, and whether they coact successfully or simultaneously is of no importance. To unite them in a new means by the exercise of inventive skill is invention, and renders the combination, as an entirety, the subject-matter of a patent. . . ."[8]

Machines embodying the combination of appellee's revolutionized the shrimp canneries, bringing new results in yields and upgrading of the shrimp with a consequent rise in its marked value. An increased market for shrimp resulted in benefit to the fishermen and a reduction in the labor costs of canning the shrimp were other healthful effects upon the industry. There had been, previous to appellee's combination, no combination effected which would successfully peel shrimp.

The trial court, in its holding of validity of the claims over prior art, correctly analyzed the existing patents presented as a "prior art" defense. The evidence presented supports the findings of the court in this regard.

Where, as here, the inventions were new combinations, the words of the *Traitel Marble Company* case are most apt:

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[8]See also: The Colman Company v. Holly Manufacturing Co., 233 F. (2d) 71, 80 (9th Cir., 1956).

"Assuming, for argument, that the law is absolute that there can be no patent for the new use of an old thing, that is because the statute allows no monopolies merely for ideas or discoveries. If the thing itself be new, very slight structural changes may be enough to support a patent, when they presuppose a use not discoverable without inventive imagination. We are to judge such devices, not by the mere innovation in their form or material, but by the purpose which dictated them and discovered their function. Certainly the art would have waited indefinitely, in the light of all that McKnight disclosed for Calkin's contribution to its advance. It will not serve now to observe how easy it was, given the suggestion, to change his invention into that of the patent in suit."[9]

Appellants rely upon many references to sustain a "prior art" defense. Corn-huskers, rock and gravel strainers, peanut stemmers, and onion skinners are some of the other machines referenced by appellants.[10] None of the evidence adduced, however, overcomes the point that where the method or device satisfies an old or recognized want, as it does here, invention will be inferred rather than the exercise of mechanical skill. "Mere skill of the art would normally have been called into action by the generally known want."[11]

Further, the evidence shows that the success of the machines here was substantial and immediate. While this alone is not of significance, coupled with the lack of prior discovery it may be, and was, accepted as evi-

[9]Judge Learned Hand, 18 F.(2d) 66, 68 (2nd Cir., 1927).

[10]See Appellants' Opening Brief, Appendix I, pages 1A to 6A.

[11]Paramount Publix Corporation v. American Tri-Ergon Corporation, 294 U.S. 464, 474 (1935).

dence that the matter was not obvious.[12] The evidence, therefore, clearly demonstrated the validity of the patents in suit and was summed up in the trial court's Finding of Fact No. 26: "The inventions of the patents in suit are primary and pioneer inventions in the art of shrimp processing."

Appellants specify as error that the findings of the District Court as to infringement are not supported by the evidence or law.[13] A review of the evidence on this point, which includes a test in the plant of the machines, and the testimony of an expert witness, Strasburger, led the District Court to make findings of fact as to infringement, and there is no error of law in this regard.[14]

The court has reviewed the remainder of appellants' 27 specifications of error and finds nothing therein which would alter the disposition of the case here.

(Endorsed) Opinion Filed Jan. 22, 1962.

Frank H. Schmid, Clerk.

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[12]Moist Cold Refrigerator Co. v. Lou Johnson Co., et al., 249 F.(2d) 246 (9th Cir., 1957).

[13]Specification of Error Nos. 14, 15, 16, 17, 18. Appellants' Opening Brief, p. 22.

[14]Findings of Fact Nos. 39, 41 and 42.

APPENDIX B

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

EDWIN A. KAAKINEN, and KAAKINEN FISH COMPANY, *Appellants*, vs. THE PEELERS COMPANY, a Partnership, *Appellee*.		No. 16,936 April 10, 1962

Denial of Appellants' Petition for a Rehearing

Before: CHAMBERS and HAMLEY, Circuit Judges, and WOLLENBERG, District Judge

WOLLENBERG, District Judge

Appellants have petitioned this Court for a rehearing en banc[1] alleging that the findings of fact of the District Court approved in this case do not meet the standards explicated by other panels in cases in this Circuit.

In support of this position appellants cite, among other cases, *National Lead Company v. Webster Lead Products Company*[2] and *Welsh Company of California v. Strolee of California, Inc.*[3]

These cases present a minimum standard for findings from the District Court. As a comparison to the case herein, it is not necessary to reproduce the findings of the District Court, for in no way can they be said to fall within the ambit of the cases cited by the appel-

[1] See Rule 23 (5) of the Rules of the United States Court of Appeals for the Ninth Circuit.

[2] 291 F.2d 447 (9th Cir. 1961).

[3] 290 F.2d 509 (9th Cir. 1961).

lants.[4] The findings are detailed and complete in respect to prior art, time of invention, existence of competing machines and comparison of functions; in short, novelty, utility, and invention. The findings cannot be classed as "mere conclusions"[5] or "sundry contradictory assumptions."[6] If anything, the findings of fact of the District Court could be characterized not as conclusory but rather as complete and detailed.[7]

We are further urged that the standards of *Webster Loom Company v. Higgins*, cited in our opinion, are not applied to the facts of this case. We disagree. As we said, "The District Court found a new combination of

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[4]In *National Lead* five findings of fact were noted by the Court of Appeals: Numbers 6, 7, 8, 9 and 10. The Court said: "It is to be noted that findings of fact numbers 7 and 8 are a little more than a paraphrase of Title 35 U.S.C.A. Section 103, and a legal conclusion of want of invention. Such findings should better be denominated conclusions of law." 291 F.2d at 451. Findings of fact numbers 6, 9 and 10 were, in our opinion, conclusions of law.

The Court in *Welsh Company* determined that the findings as to the Preisler Patent were "too broad and conclusory." They do not reveal the 'basic facts upon which the Court relied'." 290 F.2d at 510. In respect to the Smith patent, the District Court "once again failed to reveal the reasons impelling such a conclusion." 290 F.2d at 513.

[5]*Hycon Manufacturing Company v. H. Koch & Sons*, 219 F.2d 353 (9th Cir. 1955).

[6]*Welsh Company of California v. Strolee of California, supra.*

[7]Appellant cites, at page 5 of his petition, as appropriate to his contentions, language from *Dalhite v. United States*, 346 U.S. 15, 24 (1953) indicating that conclusory statements should be eschewed. With this we would agree. The language cited by appellant appears in footnote 8 of the opinion of the Supreme Court. However, in *Dalhite* the finding eliciting the statement from the Supreme Court was one which merely said that there had been negligence. As to these findings the Supreme Court said: "To the extent that they are of law, of course they are not binding on appeal." 346 U.S. at 24 n. 8. The findings in the *Dalhite* case were actually characterized by the Court of Appeals as "profuse, prolific, and sweeping." In re Texas City Disaster Litigation, 197 F.2d 771 (5th Cir. 1952). The Supreme Court said of this characterization "We agree." 346 U.S. at 24 n. 8.

old elements."[8] These findings are referenced in footnote 5 of the Court's opinion.

Appellants further contend that the matter ought to be remanded for a comparison of each of the patents. Findings 41, 42, and 42(a) and comparison are noted in our opinion at footnotes 1 and 2. We find no error therein.

'Appellants' petition for rehearing denied.

'(Endorsed) Order on Rehearing Filed April 10, 1962.

Frank H. Schmid, Clerk.

[8]Opinion, Page 2.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1962

No. 233

EDWIN A. KAAKINEN AND KAAKINEN FISH COMPANY,

Petitioners,

vs.

THE PEELERS COMPANY,

Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1962

EDWIN A. KAAKINEN and KAAKINEN FISH COMPANY,
Petitioners,
vs.
THE PEELERS COMPANY,
Respondent.
No. 233

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

This case comes before this Court on a petition by Edwin A. Kaakinen and Kaakinen Fish Company, defendants below, for a writ of certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit.

OPINIONS BELOW

The citations to the District and Circuit Court opinions are correctly set forth in the Petition. The findings of fact and conclusions of law of the District Court are reproduced in the Appendix hereto.[1]

JURISDICTION

The jurisdictional requisites are adequately set forth in the Petition.

[1]Such Appendix will be hereinafter designated Res. App. p.

STATEMENT

No one of petitioners' "Questions" (Pet. 2-3) state an issue or a question presented by or supportable in this case. The actual issues are revealed in the 52 findings of fact and the conclusions of law of the District Court, which findings and conclusions were, in all respects, upheld by the Court of Appeals. These findings and conclusions are of the essence and, as mentioned earlier, are reproduced in the Appendix hereto.

Petitioners' statement (Pet. 3-9) and those portions of their later argument which purport to state facts are so lacking in clarity and accuracy through omission of facts material to the issues as presented and decided below and by the inclusion of argumentative assertions as a substitute for fact as to require restatement and amplification of the material facts herein.

This is a routine case between private parties under the patent statutes involving the usual questions of validity and infringement. Specified claims of three patents relating to shrimp peeling mechines are in suit (Finding 2; Res. App. p. 1a). All of these claims define new combinations of old mechanical elements (Finding 9; Res. App. p. 3a). Infringement was admitted as to patent '828[1] but otherwise denied. Petitioners withdrew, before trial, a defense of anticipation under 35 U. S. C. 102, thereby admitting that the claimed combinations were new combinations, a finding specifically reached on the evidence by the District Court (Finding 45; Res. App. p. 15a). Validity of all claims was questioned under 35 U. S. C. 103, petitioners relying upon combinational permutations of some 36 prior art patents (Finding 47; Res. App. p. 16a).

[1]The patents in suit will be designated by their last three numbers in conformity with the designations thereof employed below.

As will be apparent from the following discussion of each question, petitioners' questions are artificial and are not questions that can be properly considered on the findings and conclusions of this case.

As to Question 1 (Pet. 2)

Petitioners' first Question is, in essence, based upon three argumentative and incorrect assumptions. The first of these assumptions is that the determination of invention, and of infringement, was each based ". . . solely on the success and operation of a commercial machine of the patent owner . . .". The erroneous nature of this assumption, either as to validity or as to infringement, is apparent from the actual findings.

As to the basis for its conclusion that the asserted claims were valid and definitive of patentable invention, the District Court specifically found that the asserted claims were directed to new combinations of old elements (Finding 9; Res. App. p. 3a). The Court further found that these new combinations produced new functions and new results (Finding 24; Res. App. p. 7a); that the "new combinations covered by the patent claims" succeeded in the peeling of shrimp in contradistinction to previous failures and that such "new combinations covered by the patent claims" provided a solution to a problem of long standing in the art (Findings 22, 23, 16; Res. App. pp. 7a, 5a). These findings reveal positively that the Court was concerned with the "new combinations" and not with respondent's machines.

Even when finding as to the effect that the respondent's machines had upon the practical art, the Court carefully related the same to the presence of the new combinations in such machines, expressly finding that the respondents machines contained the new combinations of the asserted patent claims (Finding 19; Res. App. p. 6a). Thus the Court

found that "shrimp peeling machines embodying these inventions" were the first to successfully effect the automatic bulk peeling of shrimp (Finding 9; Res. App. p. 3a); that such machines have had a rapid and widespread acceptance and have virtually eliminated the inefficient and expensive hand peeling of shrimp, which, for some 71 years, had been the conventional practice (Findings 14-17, 20; Res. App. pp. 5a, 6a). Moreover, the Court, in setting forth the advantages and results of the subject inventions in Finding 21 (Res. App. p. 6a) expressly related the same not to respondent's machines, but to the "inventions . . . embodied" in those machines.

The Court's concern with the claimed combinations is further confirmed by the express findings of the Court that the claimed combinations were also present in the petitioners' machine (Skrmetta machine—Findings 36-38, 50; Res. App. pp. 10a, 20a) and that these claimed combinations as used in petitioners' machine operated to produce the same functions and results (Finding 42; Res. App. p. 12a) and that to the extent that the results were more favorable in petitioners' machine, the reason was that petitioners used the combinations of the patent claims to a greater extent than did respondent (Finding 42[f]; Res. App. p. 13a).

On the issue of validity, the District Court also gave the 36 prior art patents finally advanced by petitioners detailed consideration and expressly found with respect thereto that petitioners invariably advanced mosaiclike combinations chosen from combinational permutations thereof and that such required "alteration or change of the machine shown in each patent often to the point of destruction or loss of identity"; that there was no reason or evidence that would explain why a person of ordinary skill would so alter or change these prior art disclosures, and that petitioners' assertions were no more than a reconstruction of the claimed subject matter based upon hindsight and the disclosures of

the patents in suit (Findings 47, 48, 49; Res. App. pp. 16a, 19a).[1]

In concluding that the claims were valid, the District Court, *without reference to the presumption of validity* (Concl. 3; Res. App. p. 20a) properly measured the claims against the exacting standards of invention required for new combinations of old elements.[2] Finding 24 (Res. App. p. 7a) affirmatively sets forth the requisite production of both new functions and results by the "new combinations of the patent claims" and Finding 49 (Res. App. p. 19a) clearly shows that the claimed combinations were, *on the evidence,* not such as to be obvious to a person skilled in the art.

As to infringement, the only issues of consequence were whether the utilization of a belt roller to close the bottom of the peeling channel and a somewhat different shape of pressure finger were sufficient to avoid infringement (Finding 41; Res. App. p. 12a). With respect thereto, the Court found that "detailed and uncontroverted evidence—demonstrates that every element of each of the new combinations claimed by each of these claims is present in the accused Skrmetta machines unless infringement can be avoided by the differences between the machines as stated in Finding of Fact 41". Evidence of record on this latter subject included a comparison of the operation, functioning and results obtained from one of respondent's machines, *which embodied the new combinations covered by the claims in issue* (Findings 19, 17, 18; Res. App. pp. 6a, 5a) and one of the accused machines. As expressly set forth in Findings 38, 39 and 52 (Res. App. pp. 10a, 11a, 20a), the Court specifically found that the belt roller was a "roll within the

[1]The Court also found that peeling of shrimp involved singular problems different even from other types of crustacea (Finding 48 Res. App. p. 19a).

[2]35 U. S. C. 103. See *Great Atlantic & Pacific Tea Co.* v. *Supermarket Equipment Corp.*, 340 U. S. 147.

meaning of the claims" and alternatively, even if it was not considered to be a roll within the meaning of the claims, it was an equivalent, performing "the same work in substantially the same way" and accomplishing "substantially the same result", and that the difference in shape of the peeling finger did not avoid infringement. It is quite clear from the above noted findings, that the comparison which the Court made was not with respondent's machine but between the actions of the claimed combinations embodied in the respondent's machine with the actions of the combinations in petitioners' machine (Finding 42, opening paragraph; Res. App. p. 12a).

In light of the above discussed express and specific fact findings relating to the issues of invention and infringement, it is submitted that petitioners' factual assumption to the effect that the Court based its determination of such issues "*solely* on the success and operation" of respondents' commercial machine is wholly artificial and without support in the record.

The other assumptions in petitioners' Question 1 to the effect that the "commercial machine" is different in construction from the machine shown in the patent and that the "machine of the patent" was unsuccessful are equally erroneous and without substance. As to the asserted difference in construction between respondents' commercial machine and that described and shown in the patent, petitioners ignore completely the coincidence between such machines and the drawings and description of the '355 patent and the District Court's express fact findings 19, 17 and 18 (Res. App. pp. 6a, 5a) on the only material point involved, i.e., that respondents' machines embody "the new combination covered by the patent claims herein issue."[1] Likewise

[1] 35 U. S. C. 112 only requires that the description of the invention be such as to enable any person skilled in the art to make and use it and to set forth the best mode contemplated by the inventor for carrying out his invention. See *Smith* v. *Snow*, 294 U. S. 1 at 11.

the asserted lack of success of the machine of the patent is in complete derogation of the Court's express findings that respondents' machines, which embodied "the new combinations covered by the patent claims" (Finding 19; Res. App. p. 6a) were successful and received immediate and widespread acceptance (Findings 17, 25; Res. App. pp. 5a, 7a). Petitioners statement, even if limited to pre-1949 activities, is contrary to the evidence—compare R 717 and 720 with R 747 to 754. The exact machine illustrated in the '828 patent was successful on some types of shrimp (R 748). The exact machine illustrated in the '044 patent was even more successful (R 759); but the standards of these developers were high and they went further to the machine illustrated in Plaintiff's Exhibit 39 (R 751), which illustrates plaintiff's commercial machines and which machines embody all of the claimed combinations of the asserted claims of the three patents (See Finding 19; Res. App. p. 6a). Petitioners allege (Pet. 4) that no evidence was introduced that the "machine of patent '355" was ever constructed. This allegation disregards the fact that the machine shown in Plaintiff's Exhibit 39, which is the commercial machine, is, when considered pictorally, merely another view of the machine generally illustrated in the '355 patent and the '355 patent's specification is a description of the machine of Plaintiff's Exhibit 39.

Question 1 is wholly artificial and poses no issue properly presented or supported by the record in this case, nor do petitioners present any appropriate ground or reason for review thereof.

As to Question 2 (Pet. 2-3)

Question 2 defines no issue which could arise in this case. The question is predicated on an assumption of a "new use" and thus implies that the combination defined by the claims in suit are *old* as distinguished from *new*

combinations. This is the exact reverse of what was found by the District Court. That Court expressly found that the claimed combinations were *new* combinations of old elements (Finding 9, see also Finding 45; Res. App. pp. 3a, 15a), and that these *new* combinations produced new functions and new results.

Petitioners' question 2 is a misstatement of the findings. In their supporting argument (Pet. 16-20) petitioners continue to misstate the findings, even to the point of referring to a ". . . new use of an old device . . .", (Pet. 16), but the Court found the device, i.e., the combination, to be *new*. Petitioners compound this misstatement by implying that the District Court did not apply the standards reiterated in *Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corp.*, 340 U. S. 147. Such is also contrary to fact, as evidenced by Finding 24 (Res. App. p. 7a) which affirmatively finds the production of new functions and new results "in the new combinations of the patent claims here in issue" and clearly shows that the District Court applied the required exacting standards of invention to the claimed new combinations of old elements here involved.

The Court of Appeals, in affirming, reviewed the standards of invention applied by the District Court, citing *Pursche v. Atlas Scraper and Engineering Co.* (9 Cir. 1961), 300 F. 2d 467 and *Coleman Company Inc. v. Holly Mfg. Co.* (9 Cir. 1956), 233 F. 2d 71, in which the standard of invention re-enunciated in the *A & P Case* was applied and discussed.

Question 2 is wholly artificial and poses no issue properly presented or supported by the record in this case, nor does the petitioner present any appropriate ground or reason for review thereof.

As to Question 3

The artificiality of petitioners' Question 3 is so apparent that mere reference to the District Court's 52 detailed findings is a complete answer to the unacceptability of the question.

The Appellate Court below, in answer to the objection of petitioners, which is inherent in Question 3, stated:

> "The findings are detailed and complete in respect to prior art, time of invention, existence of competing machines and comparison of function: in short, novelty, utility and invention. The findings cannot be classed as 'mere conclusions' or 'sundry contradictory assumptions'. If anything, the findings of fact of the District Court could be characterized not as conclusory but rather as complete and detailed."

It is difficult to apprehend a basis for a different view.

In an effort to divert attention from the complete and detailed nature of the findings, petitioners first complain of the failure of the District Court to voluntarily characterize, or discuss in lay terminology, the detailed nature of the inventive advances contained in the subject patents (Pet. 6). Apart from the highly questionable relevancy of this assertion to the terms of the stated question, the fact is that the District Court, apparently mindful of the authoritative requirement that "the claims measure the invention"[1] expressly referenced its fact findings to the claimed subject matter of the patents in suit, wherein the inventive advances were, pursuant to the mandate of the statutes,[2] particularly and distinctly pointed out. See, for example, the express wording of Findings 2, 9, 17, 18, 19, 22, 23, 24, 36, 37, 38, 39, 44, 45, 48, 50.

[1] *General Electric Co.* v. *Wabush Appliance Corp. et al.*, 304 U. S. 364; *United Carbon Co.* v. *Binney & Smith Co.*, 317 U. S. 228.
[2] 35 U. S. C. 112.

Petitioners make a further specific effort in this regard and next complain that the District Court did not "discuss" the features of the prior art machines but commented *"only"* to the "general effect" that the prior art did not anticipate—, that these prior art machines were intended for picking or peeling products other than shrimp and that these prior patents did not teach successful shrimp peeling combinations" (Pet. 6-7), and follows with extracts taken out of context from the opinion of the Court of Appeals interspersed with argumentative comments, all to the end of creating the unstated impression that the District Court did not consider the evidence of record as to the prior art. The answer to this argument is the specific wording of Finding 47 (Res. App. p. 16a). This finding shows beyond question, the error of petitioners' assertions. See, also, Findings 48 and 49 and Finding 45 (Res. App. pp. 19a, 15a) which notes that petitioners withdrew the defense of anticipation.

We would comment no further on the obvious unacceptability of Question 3 were it not for the confusion inherent in petitioners' discussion of law in respect of this question (Pet. 20-27) which was obviously fathered by a lack of substance and conceived in basic misunderstanding of the pronouncements of this Court. Insofar as can be ascertained, petitioners' argument centers around the following two points:

1. An asserted erroneous interpretation of the *Esnault-Pelterie* decisions[1] to the effect that in patent cases "subordinate or circumstantial findings" are not required and an asserted conflict or split of authority between petitioners' self-serving misinterpretation of the *Esnault-Pelterie* decisions for patent cases and the

[1] *United States* v. *Esnault-Pelterie*, 299 U. S. 201 and 303 U. S. 26.

general criteria established relative to adequacy of fact findings as set forth in other Supreme Court decisions in non-patent cases and with decisions of the Seventh and Ninth Circuits.

2. Whether the assertedly inadequate findings here involved meet the general criteria as to adequacy of findings established in non-patent decisions of the Ninth Circuit.

Since point 1 does not bear any essential relation to the fact findings in this case, in contradistinction to point 2, these points will be separately treated.

(a) As to Point 1

Fundamental to petitioners' contentions is a misleading and erroneous assertion as to the interpretative effect of the *United States* v. *Esnault-Pelterie* decisions, 299 U. S. 201 and 303 U. S. 26, as set forth at the top of page 25 of the petition. Petitioners, by very careful wording, create the misleading impression that the quoted extract set forth at the bottom of page 24 of the petition is taken from an *Esnault-Pelterie* decision, *when in fact it is an isolated extract from a decision of the Seventh Circuit Court of Appeals.* Petitioners then rely upon such device in their erroneous assertion relative to the content of the *Esnault-Pelterie* decision.

The *Esnault-Pelterie* decisions related to direct review of Court of Claims cases in which, under the Act and Rules[1] then in effect, the findings were "required to be in the nature of a special verdict and specifically set forth the ultimate facts; the evidence is not brought up" (299 U. S. 201, 205). Under such circumstances and because of defendant's

[1] § 3(b) Act of February 13, 1925, 43 Stat. 939. 28 U. S. C. § 288. Rule 41, pars. (3), (4). As cited in ftn 10 on p. 205 of 201 U. S.

general traverse of the complaint, this Court noted in the first decision (299 U. S. 201 at 205-6) that

> "—the findings in order to be sufficient to sustain judgment for plaintiff must specifically decide questions of validity and infringement, and also include circumstantial facts sufficient to warrant the Court's conclusions in respect of the main issues."

The first *Esnault-Pelterie* decision also clearly shows that the Court of Claims had made numerous detailed or "circumstantial" fact findings but failed to make "specific findings upon the main issues" of validity and infringement and that the case was remanded with instructions to make specific findings as to whether the patent was valid and, if valid, infringed (299 U. S. 201, 206, 207). The Court of Claims then made the requisite addition specific findings that the patent was valid and infringed and certiorari was again granted (302 U. S. 668). On certiorari, this Court affirmed (303 U. S. 26) and discussed, at considerable length, the nature of the review that could be accorded under the Act and Rules then in effect which, as indicated earlier, *did not permit the bringing up of the evidence of record and confined review to questions of law* (see 303 U. S. 26 at 28-32).

We assert there is nothing in these *Esnault-Pelterie* decisions from which any intention or encouragement, interpretive or otherwise, could be inferred relative to the relieving of lower courts from making "subordinate or circumstantial findings". In fact, if interpretive inferences are to be drawn, the above quoted extract from the first *Esnault-Pelterie* decision, *supra* p. 11, would require a position contrary to that advanced by petitioners.

Petitioners arrive at their misconstruction and misinterpretation of the *Esnault-Pelterie* decisions by asserting the existence of an "uncertainty" in the Seventh Circuit

and rely upon *dicta* in three isolated decisions in support thereof. Actually, none of these cases involved any issue of adequacy of findings. Specifically the quoted extract (Pet. 24) from the *Enterprise*[1] case followed an express reversal of a lower court holding of patent validity on the stated ground that the patented subject matter would have been obvious to a person of ordinary skill in light of two specifically discussed prior art patents. The cited *Galland*[2] decision (Pet. 24) does not state, or anywhere indicate, that it was *"only"* necessary to find "the ultimate facts of invention or discovery, authorship, novelty and utility". The *Galland* decision, which overturned a lower court holding of patent validity, was "based" on the *Esnault-Pelterie* decision only insofar as the following rule was concerned (142 F. 2d 700, 704):

> "In that case (Ed.—the second Esnault-Pelterie decision 303 U. S. 26), the Court further stated that it was 'not unmindful of the rule that where, with all the evidence before the court, it appears that no substantial dispute of fact is presented, and that the case may be determined by a mere comparison of structures and extrinsic evidence is not needed for purposes of explanation or evaluation of prior art, or to resolve questions of the application of descriptions to subject matter, the questions of invention and infringement may be determined as questions of law.'"

The quotation appearing on the bottom of page 24 of the petition is taken from the cited case of *Harley C. Loney Co. et al.* v. *Ravenscroft et al.* (7 Cir. 1947) 162 F. 2d 703 at 704 and not, as can be readily inferred from the lead-in

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[1]*Enterprise Railway Equipment Company* v. *Keystone Railway Equipment Company* (7 Cir. 1959) 267 F. 2d 102.

[2]*Galland-Henning Mfg. Co.* v. *Logemann Bros. Co.* (7 Cir. 1944) 142 F. 2d 700.

sentence thereto, from an *Esnault-Pelterie* decision.[1] The quotation is pure dicta and no authority whatsoever is cited in support thereof. In fact, the decision does not anywhere cite or mention the *Esnault-Pelterie* decisions and, insofar as respondent can ascertain, the decision has never been cited as authority in any other reported decision on the quoted proposition that evidentiary facts "need not be incorporated in the findings of fact".

As will be now apparent, the interposition of the *Esnault-Pelterie* citation intermediate the terms "former" and "latter" in the lead-in sentence to the quoted extract from the *Loney* decision creates the misleading and erroneous impression that the quoted extract comes from one of the *Esnault-Pelterie* decisions, an impression furthered by the careful wording of the italicized portion of the paragraph at the top of page 25 of the petition and its direct coupling to the thereafter cited *Esnault-Pelterie* decision. Actually, only the quoted portion of the italicized material, i.e., "subordinate or circumstantial findings" is from the second *Esnault-Pelterie* decision and even in that decision such quoted material is utilized in an entirely different and unrelated context (as to be seen in the quote appearing at the top of page 23 of the petition). The issue posed by petitioners at the top of 25 of the petition is thus wholly without foundation and its presentation under these circumstances underlines the artificial nature of the petition.

The alleged decisional conflict or split of authority asserted by petitioners relative to the criteria for adequacy of fact findings in patent and non patent cases does not exist. As stated by this court in *Kelley et al.* v. *Everglades Drainage District*, 319 U. S. 415 at 419 and 420:

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[1]The Official Report citation thereto, i.e., 340 U. S. 147 appearing on page 24 of the petition and at page *v* in the table of cases thereof is erroneous and only further adds to the misleading nature of the assertions made.

> "The nature and degree of exactness of the findings required depends upon the circumstances of the particular case."

and

> "There must be such subsidiary findings of fact as will support the ultimate conclusion reached by the Court."

As to the general criteria of the Seventh and Ninth Circuit Courts of Appeals, a comparison of the language quoted from *Irish* v. *United States* (9 Cir. 1955) 225 F. 2d 3 by petitioners at pp. 25-6 of the petition with the language of *Maher et al.* v. *Hendrickson et al.*, (7 Cir. 1951) 188 F. 2d 700 at 702 and of *In re Rockford Baseball Club Inc.*, (7 Cir. 1953) 201 F. 2d 685 at 686 shows essentially complete identity and destroys any assertion of conflict.

There is thus no merit to petitioner's assertion that a conflict or split of authority exists as to the criteria for adequacy of findings in patent cases.

(b) As to Point 2

The specious nature of petitioners' contentions as to the adequacy of the particular findings in this case and standards of invention applied by the lower courts are fully met by mere inspection of the findings themselves and by our previous commentaries relative thereto, *supra* p. 3 et seq. Petitioners' concluding remarks (Pet. 27) relative to recent Ninth Circuit decisions are without merit. In fact the Appellate Court below, as evidenced by its opinion on rehear-

ing and by the footnotes thereto, specifically considered three of the four cases cited by petitioners.[1]

Petitioners' Question 3 is without merit, both in fact and law, and it does not state any issue presented or supported by the decisions and findings below. Nor does the petition present any appropriate ground or reason for review hereof.

There Exists No Ground or Reason Why the Writ Should be Granted.

1. As indicated above in our response to the specific questions, the questions presented are entirely artificial in nature and fail to state or define issues properly presented or supported by the record, decisions or findings below.

2. The mere pendency of other litigation on the patents here involved raises no compelling reason why the Court should, in the absence of a conflict of decision and in the absence of a substantial and important question, act to afford a *de novo* review of the concurrent findings and conclusions below. In conjunction therewith, petitioners' remarks concerning Judge West require comment.

   As of the present time, Judge West has not received any evidence or made judicial determination on any point of *res judicata*, nor has he expressed any judicial

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[1] i.e., *Hycon Mfg. Co.* v. *H. Koch & Sons* (9 Cir. 1955) 219 F. 2d 353; *National Lead Co.* v. *Western Lead Products Co.* (9 Cir. 1961) 291 F. 2d 447; *Welch Co. of California* v. *Strolee of California Inc.*, (9 Cir. 1961) 290 F. 2d 509.

The remaining case cited by petitioner, *Hayes Spray Gun Co.* v. *E. C. Brown Co.*, (9 Cir. 1961) 291 F. 2d 319 involved reversal of a lower court holding of invalidity and a remand for "further proceedings below consonant with this opinion, which opinion included some comments relative to inconsistency between findings (p. 321) and to the inadequacy of the findings to support the lower court's conclusion (now reversed) of invalidity.

opinion on the subject. In a preliminary pre-trial conference, attended only by counsel and in chambers, Judge West in the course of ordinary inquiry of counsel extemporaneously stated that he was not sure that one counsel had a correct view of a legal theory. No authorities and no evidence was discussed. As to petitioners' remarks concerning the present experience of Judge West with a particular branch of the law, we are aware of no instance where this Court has considered the experience of a particular member or bench of the judiciary as a reason to deny or to grant a writ of certiorari.

3. With respect to the pending FTC complaint, petitioners' failure to caption and identify the action permits him to take some liberties as to the parties thereto and the nature of the action. Respondent here is not the respondent in the FTC action.[1] The complaint in that proceeding is brought pursuant to Section 5 of the Federal Trade Commission Act (15 U. S. C. 45) and the gist of the unproven allegations of such complaint is the commission of allegedly unfair acts of competition and an alleged conspiracy to commit allegedly unfair acts of competition. If any allegations of the complaint were proven, the existence of the allegedly unfair acts would not be affected by the validity or invalidity or infringement of any patent owned by the Peelers Co., including those here in suit.

4. No conflict or split of authority exists as to adequacy of findings in patent cases and requisite compliance with Rule 52(a) of the Federal Rules of Civil Procedure (*supra* p. 11 *et seq.*), nor does this case depart from recognized decisional law as to the relevancy of prior

[1]Some of respondents partners are involved. Respondent is a partnership in commendam under Louisiana law and as such has legal identity apart from any partner.

art patents or the standards of invention applicable to new combinations of old elements (*supra* pp. 5, 8). The failure of the petition to set forth the facts accurately and the inaccuracies in stating the facts concerning the alleged "split of authority" relative to compliance with Rule 52(a) of the Federal Rules of Civil Procedure merit denial under Rule 23-4 of this Court.

CONCLUSION

The petition for writ of certiorari fails to assert or show any reason which should move this Court to review the carefully considered concurrent findings and decisions of the tribunals below.

The petition is without merit and should be denied.

Respectfully submitted,

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APPENDIX

Findings and Conclusions

[TITLE OF DISTRICT COURT AND CAUSE.]

This action having come on for trial before the Court without a jury, the parties having been represented throughout the trial by counsel, and the evidence and testimony of the witnesses having been fully reviewed in detail by the Court, and counsel for the parties herein having submitted exhaustive briefs on the facts and on the law applicable to this cause, the Court finds under the circumstances that an analysis of the facts and an extended discussion of the applicable law would serve no useful purpose. In view of the foregoing the Court hereby makes the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

1. This is an action for infringement of certain designated claims of three patents owned by plaintiff. The action is brought under the patent laws. Jurisdiction and venue of the courts are admitted.

2. The patents in suit and the claims of each here in issue are as follows:

United States Patent No. 2,429,828 (hereinafter called the '828 patent) which issued October 28, 1947, to plaintiff's predecessor on an application filed July 25, 1944, by the patentees, Fernand S. and James M. Lapeyre. Claim 1 of this patent is in issue and infringement of this claim is admitted by defendant.

United States Patent No. 2,574,044 (hereinafter called the '044 patent) which issued November 6, 1951, to plain-

tiff's predecessor on an application filed April 1, 1946, by the patentees, Fernand S. and James M. Lapeyre. Claims 1, 2, 3, 4, 5, 6, 12, 17 and 18 are in issue and infringement of these claims is denied by defendant.

United States Patent No. 2,537,355 (hereinafter called the '355 patent) which issued January 9, 1951, to plaintiff's predecessor on an application filed December 9, 1947, by the patentees, Fernand S., James M. and Emile M. Lapeyre. Claims 1, 2, 3, 4, 5, 6, 7, 9, 11, 12 and 19 are in issue and infringement of these claims is denied by defendant. Claim 10, originally in issue, was withdrawn by plaintiff because of lack of satisfactory proof of infringement.

3. In addition to its denial of infringement of the patent claims herein issue, defendant challenges the validity of those claims on stated grounds, and additionally, purports by its counterclaim, under the provisions of Title 28 USC Secs. 2201, 2202, to challenge the validity of claims 2 to 7 of the '828 patent, claims 7 and 8 of the '044 patent and claim 10 of the '355 patent. Plaintiff has admitted that these additional claims are not infringed by the accused devices and consideration of the validity of these claims does not appear necessary to any justiciable issue between the parties.

4. Plaintiff, a Louisiana partnership, is the successor of a corporation formed in January, 1949, and dissolved in November, 1951, to manufacture and lease shrimp peeling machines.

5. Defendant, an individual, is a fish and sea food processor and a canner of shrimp formerly doing business as the Kaakinen Fish Company at Westport, Washington.

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6. The devices here accused of infringement are two so-called "Skrmetta" shrimp peeling machines which, seriatim, were owned by defendant and John E. Close and operated by defendant. The first of such machines was installed in defendant's plant for a period of about five months during which period it was used 27 days in the peeling of shrimp. Thereafter it was returned to the seller. The second of such machines was installed in defendant's plant from August to October, 1958, during which time it was used in the peeling of shrimp on 12 days. The difference between the two machines principally resides in the fact that in the second machine pressure fingers were used throughout, whereas in the first machine pressure fingers were used in only the first two sections.

In October, 1958, the second machine, bearing manufacturer's name plate identifying said second machine as "Model 100-D, Series 1327," was shipped by defendant and John E. Close to Alaska, where it was installed and is operated for the joint benefit of its users and owners, in this matter it appearing that said users and others are controlled by and/or in privity with defendant and John E. Close, or either of them.

7. Prior to, and during, the time that defendant used the accused Skrmetta machines, defendant was a lessee of two of plaintiff's shrimp peeling machines.

8. Defendant had notice of his infringement of each of the patents in suit.

9. The inventions covered by the patent claims here in issue are new combinations of elements which elements, considered singly, are generally old. Shrimp peeling machines embodying these inventions were the first machines

ever successfully used in the automatic bulk peeling of shrimp in shrimp canneries.

10. The shrimp industry produces eleven types of shrimp products, including canned shrimp. Today the largest percentage of the shrimp fished in the United States is produced as two types, fresh headless and frozen headless, neither of which is peeled.

11. In 1930 approximately 82 per cent of the entire shrimp catch was produced as canned shrimp. By 1940 only 60 per cent of the catch was canned. By 1950 only about 30 per cent of the shrimp catch was produced as canned shrimp. In 1956, the year in which the production of canned shrimp started in the Northwest, the shrimp canned represented only about 15 to 16 per cent of the total catch.

12. The production of canned shrimp is an old industry, dating from about 1878. From that year to date shrimp canning operations have been conducted in the Gulf Coast area and have spread over much of that area. Beginning in 1956 commercial fishing for shrimp for canning purposes was gotten underway in the Pacific Northwest Coastal area. Canning operations started in the Northwest in 1956 and later spread to Alaska.

13. In general the total amount of shrimp canned in the United States has not varied widely from an average of about 900,000 cases yearly. In the decade 1921 to 1930 the average was about 826,000 cases. In the period 1931 to 1942 the average was somewhat over 1,000,000 cases yearly. From 1943 through 1949 the canned pack was at a level of but about 600,000 cases yearly. In the period 1950 to 1958 the former level of about 900,000 cases yearly was again reached.

Findings and Conclusions

14. As a necessary preliminary step in the canning of shrimp meat, the meat must be divested of its shell, head and other appendages. From the inception of the shrimp canning industry in 1878 up to a time in 1949, this had been done by hand, the operation being called "peeling" or "picking."

15. The operation of "peeling" or "picking" shrimp by hand required a large number of workers. A single worker would only peel from 210 to 420 pounds of raw shrimp a day, the smaller shrimp requiring more working time to peel than the larger shrimp. The efficiency of the workers decreased through the working day, their continued attendance was difficult to control, they often failed to remove all the edible meat from the shell with consequent loss to the cannery in raw material; they also often down graded the value of the shrimp by shortening the meats and, in addition, they often refused to peel the smaller shrimp.

16. Prior to 1949 attempts had been made to design machines for the peeling of shrimp, but no successful machines were devised and the canneries continued to employ workers for the hand peeling of shrimp.

17. In about May of 1949, plaintiff's predecessor offered to the industry shrimp peeling machines embodying the inventions covered by the claims of the patents in suit. By the end of 1949 ten of these machines had been leased in the United States. By the end of 1953 fifty-seven of such machines had been leased. By the end of 1956 ninety-three such machines were on lease in the United States. As of the time of trial, 124 such machines were on lease in shrimp canneries in the United States.

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18. In any particular, important to the subject of whether or not plaintiff's machines embody the claimed inventions of the patents in suit, all of the shrimp peeling machines built and leased by plaintiff may be considered as a single machine.

19. The shrimp peeling machines leased by plaintiff are all alike and all embody the inventions of the patents in suit, the new combinations covered by the patents claims here in issue.

20. Once developed and offered to the canneries in 1949, plaintiff's machines have, since that date, virtually eliminated hand peeling in the shrimp canneries.

21. The inventions of the patents in suit embodied in plaintiff's peeling machines resulted in the obtainment of various advantages including new results and functions over those previously obtained by the use of hand peeling—those advantages included:

(a) Eliminations of difficulties and uncertainties caused by the unreliability of the hand workers and their decreasing efficiency caused by fatigue;

(b) A considerable saving in labor;

(c) An increased yield over that obtained by hand peeling;

(d) An upgrading of the shrimp caused by a production by the machines of larger sized grade of shrimp over that obtained in hand peeling with consequent rewards, as to price, to the canners;

(e) A constant flow of activities in canning operations; and

Findings and Conclusions

(f) An increased market for the fishermen for the smaller sized shrimp which had previously not been marketable to the canners because of the hand workers' aversion to the handling of such shrimp.

22. The new combinations covered by the patent claims here in issue overcame problems of long standing in the shrimp peeling art.

23. Previously proposed machines for automatically peeling large volumes of shrimp were unsuccessful and plaintiff's new combinations covered by the patent claims here in issue succeeded where others had previously failed.

24. The new combinations of the patent claims here in issue produced new functions and new results in the peeling of shrimp; the elements of these combinations are so arranged and so co-operate as to perform functionally more than the mere elimination of hand labor.

25. The success of plaintiff's machines embodying the new combinations was substantial and immediate. Defendant's contention that at least a portion of this success is due to structural detail improvements embodied in inventions claimed in a later patent owned by plaintiff, No. 2,778,055, application for which was filed some two years after the success had its inception, is not supported by the evidence.

26. The inventions of the patents in suit are primary and pioneer inventions in the art of shrimp processing.

27. The introduction of the machines embodying the inventions of the patents in suit was attended by three dis-

advantages, viz., a temporary displacement of labor, the loss of a certain amount of color in the shrimp, and a slight abrading of the surface over that encountered in hand peeling. The latter two disadvantages were accepted by the canners and did not become factors since practically all of the canners used the peeling machines.

28. The advantages which arose by reason of the use of the inventions of the patents in suit in the peeling of shrimp had all been achieved, and in the canneries hand peeling was a thing of the past, at the time that the accused Skrmetta machines were introduced.

29. The shrimp species most commonly canned in the United States vary with locality, the three common species of the Gulf and Atlantic areas being different from the six common species of the Pacific Coast area. The size of the raw shrimp also varies between the two areas, the Pacific Coast raw shrimp running, generally, about twice as many to the pound as the average raw shrimp taken from the waters of the Gulf area.

30. Canned shrimp meat is described by terms denoting size as follows:

Colossal—Less than 2½ shrimp meats per ounce.
Jumbo—Less than 3½ shrimp meats per ounce.
Large—5 or less shrimp meats per ounce.
Medium—More than 5 to 9 shrimp meats per ounce.
Small—More than 9 to 17 shrimp meats per ounce.
Tiny—More than 17 per ounce.

Those shrimp meats canned on the Northwest Coast, including Alaska, are almost entirely tiny although a few

small and medium have been canned. The size of the shrimp meat controls to a degree the price which the canner can obtain for his product, the price being higher as the shrimp increase in size.

31. In cannery operations the yield of shrimp meat is generally defined as the number of cans of canned shrimp which are obtained from a given unit of raw shrimp as received from the sea. Yield is affected by the species of shrimp being canned, the length of time the shrimp has been held out of water (called the "age" of the shrimp) the method of handling of the shrimp prior to the time they reach the cannery, the icing of the shrimp, the method of handling in the cannery, the peeling practices, the blanching procedures, and the packing procedures. The yields vary between plants, within a single plant, and, as to a given specie, within a single season depending upon maturity and the waters in which the shrimp is caught.

32. The variation of yield resulting from the species of shrimp which is being canned is the result of several matters. Very definite variations occur because of differences in the size of the head and/or the cephalothorax between one species and another, also the thickness of the shell of one species as compared to another. Probable differences also result by reason of differences in the amount of moisture carried in the meats of the different species or because of the relative amounts of proteins and minerals in the meat of one specie as compared to another.

33. The yield of shrimp meat obtained in canning operations vary in the various sections of the United States where canning operations take place. On the Gulf Coast the yields are from 28 to 37 per cent, on the coasts of Oregon and Washington, the yields are 17 to 18 per cent.

on the Alaskan Coast the yields are presently 10 to 20 per cent.

34. The quality of canned shrimp includes such factors as color; texture; freedom from broken shrimp; freedom from pieces of hull or shell, swimmerettes, antennae and various portions of the anatomy of the shrimp other than the meat itself. Quality can be affected by washing, peeling, deveining, blanching, grading, sealing, processing and cooling operations in the cannery.

35. A "whole" shrimp meat is one which has sufficient of its length that on blanching, it forms a "U." A "broken" shrimp meat is a piece or section of the meat not of sufficient length to comprise a whole shrimp.

36. Infringement of claim 1 of patent '828 has been admitted by defendant.

37. As to the infringement of claims 1, 2, 3, 4, 5, 6, 12, 17 and 18 of patent '044 and of claims 1, 2, 3, 4, 5, 6, 7, 9, 11, 12 and 19 of patent '355, plaintiff's detailed and uncontroverted evidence as to the structure of the accused Skrmetta machines demonstrates that every element of each of the new combinations claimed by each of these claims is present in the accused Skrmetta machines unless infringement can be avoided by the differences between the machines as stated in Finding of Fact number 41.

38. The belt which defines the lower surfaces of the peeling channels in the accused machines is a roll within the meaning of the claims of patent '044 and patent '355. Viewed from its surface and considered as to its function it has all of the aspects of a roll. The fact that it is a belt encircling

two rollers does not change the fact that its functioning surface is that of a roller. This finding is indirectly supported by defendant's admission of the infringement of claim 1 of the '828 patent.

39. Alternatively, if the roller belt arrangement which closes the bottom of the peeling channels is not a roller within the meaning of that term as it is used in the claims of the '044 and '355 patents, it is, on all the evidence, the equivalent of a roller since it performs the same work in substantially the same way and accomplishes substantially the same result, although differing somewhat from a solid roller in form and shape.

40. Pursuant to an order of this Court, plaintiff's representatives visited the plant of defendant for three days in October, 1958, and there made extensive observations under comparable conditions as to the respective actions of one of the accused Skrmetta machines, the second machine, and one of plaintiff's machines in the peeling of shrimp. These observations included the taking and examination of samples by plaintiff's expert Strasburger. Present also at this inspection were defendant's employees, and others not of plaintiff's party who also took samples and made observations. Among these other persons was Raphael Q. Skrmetta. At trial, evidence was given by plaintiff's representatives as to matters observed. No other persons who had taken samples were called by defendant. Defendant himself was not called. Plaintiff's evidence as to the results of these observations is uncontroverted except insofar as the testimony of defendant's machine operator and foreman Grimes purports to controvert the testimony of the expert Strasburger as to the color and texture of the shrimp coming from the two

machines. Grimes made no comparison by sample, rejecting such procedure as technical.

41. The shrimp peeling machine of plaintiff and the second accused Skrmetta shrimp peeling machine observed in defendant's plant presents visual external differences in appearance, but the evidence shows that in respect to their active elements and the organization of those elements, they are substantially the same with these exceptions:

(a) The accused Skrmetta machine possesses over 50 per cent more effective length of shrimp peeling channels;

(b) The accused Skrmetta machine uses a belt roller, instead of the roller used in plaintiff's machine, to close the bottom of the peeling channel and to form with the upper rollers or insert rollers the parallel peeling nips of each channel;

(c) The shape of the pressure fingers, which assist in the peeling operation, is somewhat different in the accused machine than in plaintiff's machine.

On the latter two of these differences, defendant bases his argument that the combination of the accused machines is a different combination than those claimed in the advanced claims of the '044 and '355 patents.

42. From the evidence regarding the observation of the actions of the combinations embodied in the accused peeling machine and plaintiff's peeling machine in defendant's plant, the following matters clearly appear:

(a) The plaintiff's machine and the accused machine operate in the same manner in the peeling of shrimp.

Findings and Conclusions

(b) From the standpoint of results there is little, if any, difference in the performance of plaintiff's machine and of the accused machines over equivalent length of peeling channels.

(c) Because of its longer lengths of peeling channel the Skrmetta peeling machine, as compared to plaintiff's peeling machine, produced more whole peeled shrimp, although the Skrmetta machine produced more broken shrimp.

(d) The yield of shrimp produced by the use of the Skrmetta machine and produced by the use of the plaintiff's machine was substantially the same.

(e) There is no difference in the color or the surface of shrimp peeled on the accused Skrmetta machines as compared to shrimp peeled on plaintiff's machines.

(f) Any difference in the results obtained by the accused Skrmetta machines, as compared with plaintiff's machine, is merely one of degree and is caused by the application in the Skrmetta machine of the inventions of the patents in suit to a greater degree than in plaintiff's machines.

(g) Defendant, in his use of the two machines in side by side operation, commingled the product of the machines and canned the commingled product.

(h) There is no acceptable evidence which supports defendant's position that the combinations used in the accused machines are different from, or not equivalent to, the combinations claimed in the claims of the '044 patent and the '355 patent under which infringement is here charged.

(i) The plaintiff has amply met its burden of proof in respect of infringement.

Findings and Conclusions

43. Despite the advantages and results obtained by the use of the inventions of the patents in suit, as embodied in plaintiff's machines, these machines as constructed by plaintiff, did not entirely dispense with hand labor. It was found that the machines would not entirely remove certain gristle from the shrimp and that some of the shrimp would not be completely peeled and would have appendages such as legs and swimmerettes adhering thereto, thus requiring a number of workers working after the machine to clean up some of the shrimp. In or about April 21, 1951, after twenty-six of plaintiff's machines had been leased, plaintiffs offered the users of its peeling machines a supplementary machine known as a "cleaner" to receive the shrimp coming from the peeling machine. This "cleaner" functioned to remove the "gristle" and to complete peeling which was not completed in the peeling machine. Since about the middle of 1951 all of plaintiff's peeling machines have delivered their product to such a "cleaner."

The plaintiff's machines leased to defendant, and as used in defendant's plant, utilized such a cleaner and, in addition, a separator for the removal from the peeled product of trash. In defendant's plant the shrimp from plaintiff's peeling machine passed from that machine to the cleaner and was then elevated to the separator by means of a food pump. In defendant's plant the product of the accused Skrmetta peeling machine was not passed through a cleaner or through the trash separator. In respect of such matters, the uncontroverted evidence of the observations of the witnesses is to the following effect:

(a) The greater length of the peeling channels in the accused Skrmetta machine obviates the use of a cleaner with that machine;

Findings and Conclusions

(b) When the results of the Skrmetta peeling machine are compared with the results of the plaintiff's peeling machine and its adjunct cleaner, there is no difference observable except in the amount of trash in the product;

(c) The plaintiff's peeling machine and its adjunct cleaner in defendant's plant delivered the shrimp through a food pump to a separator, the purpose of which is to remove loose trash. When the shrimp which has passed through this line of equipment is compared with the shrimp from the accused Skrmetta machine the only differences observable are more trash in the Skrmetta machine product and more broken shrimp in the product from the separator. The reason for the greater amount of trash in the Skrmetta machine product was because it was not passed through a separator. The reason for the greater amount of broken shrimp in the product from plaintiff's peeling machine was that it had passed through the food pump.

(d) Food pumps such as used by defendant are not necessary to a shrimp peeling operation.

44. Claims 1, 2, 3, 4, 5, 6, 12, 17 and 18 of patent '044 and claims 1, 2, 3, 4, 5, 6, 7, 9, 11, 12 and 19 of patent '355 are infringed by the accused Skrmetta machines.

45. Defendant's asserted defenses under Title 35 U.S.C. Section 102 were withdrawn before trial. No prior art relied upon by defendant anticipates the claims of the patents in suit. No prior art or other evidence advanced by defendant challenges or negates the fact that the patentees named in each of the patents in suit were the first and original inventors of the inventions claimed therein.

46. Defendant's assertion that the '355 patent contains an inoperative and insufficient disclosure is not supported

by the evidence. The disclosure of the '355 patent is sufficient to enable a person skilled in the art to make and use the inventions therein described and claimed for the objectives and purposes therein stated.

47. For its defense as to the validity, based on lack of invention as such is defined by Section 103 of 35 U.S.C., defendant relies upon some thirty-six prior patents, most of which relate to machines for corn husking or harvesting, peanut or fruit destemming, coal or gravel screening, bean shelling, seed treating, nut blanching, and various other subjects. In building a mosaic-type defense based upon these 36 prior patents, defendant invariably combines two or more of them with each other or, in the case of the '355 patent, with the '828 patent which latter is the only reference relating to shrimp, fish or sea food processing on which defendant places reliance. From consideration of these various patents and related evidence, the following appears:

(a) Each patent relied upon by defendant represents a complete machine entity designed for a specific purpose;

(b) Defendant's theory of defense requires alteration or change of the machine shown in each patent, often to the point of destruction or loss of identity of such machine;

(c) No reason or suggestion is to be found in any of these prior patents of any reason for changing, altering, or otherwise adjusting the identity of the machines and combinations described therein;

(d) Considered as a group, these prior patents relate to arts remote from shrimp peeling and remote, in many cases, from each other and no evidence exists which would explain or suggest any reason why a person of ordinary skill in the art to which the inventions of the patents in

suit pertains, should change, alter or adapt the machines of these prior patents in any particular way;

(e) The defense advanced by the defendant on the basis of these prior patents is no more than a reconstruction of the combinations claimed by the patents in suit based upon hindsight and the disclosures of the patents in suit.

(f) Defendant during the course of this action has at one time or another cited and/or relied upon the following patents:

Inventor's Name	Pat. No.	Date	Title
Cutler	324	1837	Machine for Husking Corn
Doster	18658	1857	Corn Husker
Moulton	311199	1885	Meat Tenderer
Dexter	421681	1890	Machine for Blanching Almonds
Clark	544156	1895	Hop Picker and Cleaner
King	546891	1895	Screening Apparatus
Lasiter	746714	1903	Peanut Stemmer
Sells	640961	1900	Corn Husking Machine
Madsen	658408	1900	Corn Husking Machine
Van Ness	712982	1902	Corn Husking and Shredding Machine
Bellairs, et al.	734035	1903	Machine for Husking Corn
Reigle	759129	1904	Corn Husking Machine
Welsh	784907	1905	Corn Husking Apparatus
Nelms	829348	1906	Peanut Stemmer
Ruse	848497	1907	Corn Husking Machine
Steel, et al.	865445	1907	Machine for Stemming Peanuts
Hettrich	876802	1908	Corn Husking Machine
Coryell	878610	1908	Machine for Husking Green Corn
Shaffer	1011378	1911	Machine for Cleaning Clams and Other Fish
Keith	1071925	1913	Corn Husking Machine
Sells	1147756	1915	Corn Husker
Phelps	1157038	1915	Corn Husking Machine

Findings and Conclusions

Inventor's Name	Pat. No.	Date	Title
Kelly	1190554	1916	Feeding Mechanism for Nut Blanching Machine
Stone	1202117	1916	Corn Husker
Leister	1382792	1921	Corn Husking Machine
Barry	1415296	1922	Machine for Separating Flesh from the Skin and Bones of Fish
Cover	1458221	1923	Corn Husking Machine
Nelson	1458721	1923	Corn Husking Machine
Faehn	1490605	1924	Sprinkler for Corn Shredders
Bahr	1510578	1924	Fruit Stemming Machine
Hardie	1615081	1927	Pea Sheller
Cover	1627838	1927	Corn Husking Machine and Method
Ayars	1635569	1927	Vegetable Topping Machine
Flamm	1697525	1929	Onion Topper
Warren	1703048	1929	Seed Treating Machine
Triplett	1703123	1929	Grape Stemming Machine
Stansbury	1835190	1931	Machine for Operating on Fruits and the Like
Farley	1852405	1932	Fruit Washer and Drier
Sells, et al.	1990503	1935	Corn Husking Machine
Nuttleman	2001351	1935	Corn Husker
Bottker	2034691	1936	Shrimp Shelling Machine
Knight	2037661	1936	Green Corn Husking Machine
Sanborn	2048470	1936	Grape Stemmer
Hitchcock	2087717	1937	Corn Husker
Bottker	2147633	1939	Shrimp Shelling Machine
Stelter	2202540	1940	Corn Husking Machine
Grayson	2263697	1941	Machine for Deveining and Removing the Shells from Shrimp
Fox	2335588	1943	Feed Valve for Continuous Cookers
Crawford	2362356	1944	Fruit Husking Machine
Richardson	2380264	1945	Cinder Draining and Disposal Plant

Inventor's Name	Pat. No.	Date	Title
Barrett, et al.	2414922	1947	Onion Topping Device
Lapeyre, et al.	2429828	1947	Shrimp Peeler
Daub	2524519	1950	Machine for Removing Pods from the Seed of Wax Beans or the Like
Roshko	2660754	1953	Crayfish Picking Machine
Lapeyre, et al.	2778055	1957	Machine for Peeling Shrimp

48. The evidence is contrary to defendant's theory of lack of invention based upon the thirty-six references relied upon by defendant. There is no evidence of any reason for the defendant's synthesis of the claimed combinations of the patents in suit from these various references except defendant's following of the teachings of the patents in suit. On the other hand, the evidence shows that the peeling of shrimp involves specific problems different from even other types of crustacea and that the earlier workers in the shrimp peeling art, such as the patentee Bottker and the patentee Grayson, patents on which defendant first relied and then later withdrew, did not teach successful shrimp peeling combinations despite the availability to these patentees of most of the prior patents on which defendant relies.

49. The patentees of the patents in suit were the first to combine known elements into the new combinations in order to achieve the particular unitary results obtained by these combinations and the weight of the evidence is contrary to the defendant's theory that a person skilled in the art would, in the absence of the teaching of the patents in suit, reach the same result by combining and altering the disclosures of the prior patents.

50. The accused Skrmetta machines are not copies of the prior patents on which defendant relies, but are copies of the new combinations claimed in the patents in suit.

51. The patents Nos. 2,537,355 and 2,574,044 are patentably distinct from each other.

52. The difference between plaintiff's machine and the accused machines in the shape of the pressure fingers, which assist in the peeling operation, does not avoid infringement by defendant.

Conclusions of Law

1. The asserted claims of the patents in suit relate to new combinations which are true and patentable combinations.

2. The defense of double patenting as advanced by defendant in this case must be denied because the patentees of the '044 and '355 patents are different and the claims in question express inventions which are patentably distinct from each other.

3. The conclusion that the asserted claims of the patents in suit are valid is reached on the evidence in this case and without reference to the presumption of validity arising by legislative fiat from the issuance of the patents in suit. Consideration of the prior patents in evidence and other defenses as to validity in the light of the history of the proceedings in the Patent Office leading to the grant of the patents in suit reveals that there was no material matter as to validity before this Court of which the Patent Office was not aware. The prior art patents in evidence relied upon

by defendant are, in effect, the same as, or of no greater pertinency, that the prior patents in evidence considered by the Patent Office.

Done in Open Court this 11th day of April, 1960, at Seattle, Wash.

s/ GEORGE H. BOLDT,
United States District Judge.

Presented in behalf of plaintiff by

FORD E. SMITH,
Of Counsel.

Certificate of service acknowledged.
[Endorsed]: Filed and entered April 11, 1960.

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No. 233

In the
Supreme Court of the United States

OCTOBER TERM, 1962

EDWIN A. KAAKINEN and KAAKINEN FISH COMPANY,
Petitioners,

vs.

THE PEELERS COMPANY, a Partnership, *Respondent.*

PETITIONERS' REPLY BRIEF ON PETITION FOR CERTIORARI

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FTC Complaint Charged Respondent With Unfair Methods of Competition, Acts and Practices

Petitioners asserted that if the patents here in suit actually were found to be invalid, that fact would be highly pertinent to the issues of the Federal Trade Commission proceedings in Docket No. 7887 involving The Peelers Company (Petition, p. 10 top). Respondent's brief charges petitioners with taking "some liberties" as to the parties to the FTC complaint and states categorically that

> "the existence of the allegedly unfair acts would not be affected by the validity or invalidity or infringement of any patent owned by the Peelers Co., including those here in suit." (Resp. Br., p. 17)

The highly technical nature of respondent's protest is clearly evident from examining the title and PARAGRAPH THREE of the FTC COMPLAINT, which has been printed in its entirety as Appendix A to this brief for the information of this Court.

There is no question as to the assertion of charges against the respondent here in the FTC COMPLAINT in the statements appearing in PARAGRAPH SEVEN and PARAGRAPH NINE thereof, which state in part,

> "PARAGRAPH SEVEN: The Peelers Company is now, and at all times mentioned herein has been, in competition with other individuals, partnerships, corporations and firms engaged in the manufacture, sale or lease, and distribution of shrimp processing machinery in interstate commerce, except to the extent that such competition has been hindered, lessened, restricted, restrained and eliminated by the unlawful acts and practices hereinafter alleged.
>
> "PARAGRAPH NINE: * * * The Peelers Company * * * have engaged in unfair methods of competition and unfair acts and practices in interstate and foreign commerce, * * *."

As part of such unfair methods, acts and practices the COMPLAINT stated in PARAGRAPH NINE (c),

> "The individual respondents,* * * have harassed, intimidated, and threatened suit for patent infringement against shrimp processors who purchased or leased the Skrmetta machine * * * ; have filed suit for patent infringement against purchasers, lessees, and manufacturers of the Skrmetta machine." (App. p. 8A)

The present petitioners are such a purchaser of a Skrmetta machine and the statement in the FTC COMPLAINT that "the individual respondents" filed such suits is explained by the assertion of the FTC COMPLAINT in PARAGRAPH TWO that,

> "These individual respondents, at all times mentioned herein, participated in the formation, direc-

> tion and control of the policies, practices and acts of The Peelers Company hereinafter referred to."

Respondent seeks to hide behind the partnership veil and free itself from the charges brought by the FTC on the ground stated in the footnote on page 17 of respondent's brief that,

> "Respondent is a partnership in commendam under Louisiana law and as such has legal identity apart from any partner."

The FTC COMPLAINT clearly asserts that the respondent is merely the collective tool of the individuals named as direct respondents in the FTC COMPLAINT.

Respondent's Unfair Practices Would Be Aggravated If Patents in Suit Are Invalid

The statement in respondent's brief at page 17 that,

> "the existence of the allegedly unfair acts would not be affected by the validity or invalidity or infringement of any patent owned by the Peelers Co., including those here in suit"

appears to be quite illogical.

As has been pointed out above the respondent here, its general partners and Grand Caillou Packing Company, Inc., acting in concert, have been charged with unfair acts and practices. The FTC COMPLAINT charged,

> "PARAGRAPH TEN: From 1947 to the present, Grand Caillou, in the course and conduct of its business, as aforesaid, and the individual respondents, in the course and conduct of The Peelers Company and its predecessor corporation, Peelers, Inc., as aforesaid, have agreed and combined among themselves to adopt and carry out the unfair meth-

ods of competition and unfair acts and practices hereinbefore described."

The effects of such unfair acts and practices were charged to include that,

> "Potential competitors and competitors of the individual respondents and The Peelers Company have been, or may be, hindered, restricted, or prevented from engaging in the business of manufacturing, leasing, licensing, selling, or otherwise distributing shrimp processing machinery in the United States and in foreign countries. (PARAGRAPH ELEVEN (b))

> "Inventors and potential inventors of shrimp processing machinery have been, or may be, deterred from developing, producing, manufacturing, patenting, selling, leasing, licensing, or otherwise distributing and marketing shrimp processing machinery. (PARAGRAPH ELEVEN (d))

> "The aforesaid acts and practices of the respondents have the tendency to unduly hinder competition and have injured, hindered, suppressed, lessened, or eliminated actual and potential competition, as hereinbefore alleged, and are to the prejudice and injury of the public, and constitute unfair methods of competition in commerce or unfair acts or practices in commerce, within the intent and meaning of Section 5 of the Federal Trade Commission Act." (PARAGRAPH TWELVE)

One aspect of the FTC COMPLAINT involves the patents of The Peelers Company, as has been mentioned above, including the patents here in suit. As the FTC COMPLAINT stated,

> "The Peelers Company controls patents, through direct ownership or assignment, or has patent ap-

> plications pending, on all of its shrimp processing machinery." (PARAGRAPH FIVE)

Certainly, the conduct with which The Peelers Company was charged would be more reprehensible if the patents which served as the basis for the patent infringement suits and of the harassment, intimidation and threats of patent infringement suits asserted in PARAGRAPH NINE (c) of the COMPLAINT had been improperly granted by the United States Patent Office and were invalid.

Consequently, it is respectfully submitted that the validity or invalidity of the patents here in suit would have a direct bearing on the unfair practices charge asserted in the FTC COMPLAINT, Docket No. 7887, as stated in petitioners' brief at the top of page 10.

Were the Lower Courts Confused?

In its brief at page 2, respondent charges petitioners' argument as purporting

> "to state facts * * * lacking in clarity and accuracy through omission of facts material to the issues as presented and decided below."

One of the most difficult problems in this case is to find out what actually was the true basis for the decisions below.

At the top of page 2, respondent's brief makes reference to the 52 Findings of Fact and Conclusions of Law

> "which findings and conclusions were, in all respects, upheld by the Court of Appeals."

Precisely! The Appellate Court affirmed the District Court without discussing in its opinion any of the sub-

stance of the findings of fact, except for the extremely general conclusion asserted in Fact No. 26 that,

> "The inventions of the patents in suit are primary and pioneer inventions in the art of shrimp processing."

What the nature of the "alleged inventions" were, where they were disclosed or claimed in any of the patents, or where the "invention" of one patent differed from the "invention" of each of the other patents in suit was not discussed by the Appellate Court. The Appellate Court's decision, it is submitted, really amounted to little more than a blanket affirmance of the District Court's decision.

Respondent purports at page 2 of respondent's brief to clarify the facts, but, as was true in both the District Court and the Appellate Court, respondent fails to point out any "invention" on which any of the patents is based, or the ground for asserting the validity of claims directed to any such "invention."

The confusing character of the record below is well illustrated by the reference at the bottom of page 2 of respondent's brief to Finding 47 relating to prior art patents. Both at the bottom of this page and at the first of Finding of 47, it is asserted that petitioners relied upon "some 36 prior art patents." Yet at the end of this finding are listed *55* prior art patents. Which 36 of these 55 patents did the Court understand petitioners "relied upon" generally and which with respect to *each* of the *three* patents in suit? To which of these 36 or 55 patents did the Trial Court give consideration in reaching its decision? Which of the 36 or 55 patents

did the Appellate Court consider? The only hint that such prior art patents were considered at all by the Appellate Court is the statement in its decision that,

> "Appellants rely upon many references to sustain a 'prior art' defense. Corn-huskers, rock and gravel strainers, peanut stemmers, and onion skinners are some of the other machines referenced by appellants."

Actually, petitioners were very specific in the record and in their brief as to the particular prior art patents considered to be pertinent to specific claims of each of the three patents in suit, but there was no discussion, either by the District Court or by the Appellate Court, of any of these points to give any clue as to what exactly was considered by these Courts, or what was the basis for the blanket decisions rendered by them.

Thus, it is respectfully submitted that it is not petitioners' statement of the case which is "lacking clarity," as asserted by respondent at page 2 of its brief, but rather the entire set of findings and conclusions and the opinions of the District Court and of the Appellate Court.

As to Question One Respondent's Brief Proves Commercial Machine Was Relied on by Court

In opening its discussion as to question one, respondent's brief at page 3 asserts that petitioners' assumption that the determination of invention and of infringement was based "solely on the success and operation of a commercial machine of the patent owner" is erroneous, but the following discussion in respondent's brief

disproves this assertion and corroborates petitioners' position.

In the very next paragraph at the middle of page 3 of its brief, respondent states,

> "The Court further found that these new combinations produced new functions and new results. (Finding 24; Res. App. p. 7a)"

The finding further stated,

> "the elements of these combinations are so arranged and so co-operate as to perform functionally more than the mere elimination of hand labor."

As to what combinations, what new functions, what new results, what arrangement, what cooperation, or what more performance the Court had in mind, the record is silent, but the only subject matter to which the evidence related that functioned, or reduced hand labor, was *respondent's commercial machine.*

On page 3 of the petition respondent again asserts that

> "the Court was concerned with the 'new combinations' and not with respondent's machine."

Again, what "new combinations" either the Court or the respondent may have had in mind does not appear anywhere in the record, and the only performing evidence was that of the respondent's *commercial machine.*

At the bottom of page 3, respondent's brief makes reference to the "presence of the new combinations in such machines," but it is repeated that what "new combinations" were involved or were considered by the Court was nowhere discussed, and here respondent admits that the Court did consider the *machines them-*

selves. There is *nothing* in the record to differentiate any "new combination" from respondent's *commercial machines.*

Again, at the bottom of page 3 and top of page 4, respondent's brief states that,

> "the Court found that 'shrimp peeling machines embodying these inventions' were the first to successfully effect the automatic bulk cleaning of shrimp (Finding 9; Res. App. p. 3a); that such machines have had a rapid and widespread acceptance and have virtually eliminated the inefficient and expensive hand peeling of shrimp."

Still the Court said nothing about what "inventions" it had reference to, but the findings were clearly directed to respondent's *commercial machines.* At the end of this paragraph the respondent "related" the advantages and results to the "inventions," rather than to the "machines," but there was no discussion of *any* particular invention and certainly it was the *machines as a whole* which accomplished the results.

Repeatedly on pages 4 to 7 of its brief, respondent makes reference to the "results of petitioners' machine," " functioning and results obtained from one of respondent's machines," "respondent's machines * * * were successful." There was no evidence whatever as to the particular merit of any "claimed combination," or "new combination," which was responsible for the success of the commercial machines.

Machines of Patents in Suit Were Not Successful

While on page 7 respondent asserts that the machines of the '828 patent and of the '044 patent were some-

what successful, the decision of the Appellate Court stated specifically at the bottom of page 1A of Appendix A in the Petition for Writ of Certiorari that,

> "The first successful machine came into use in the year 1949. Prior to that, from 1944, attempts to pick shrimp by machine had not been successful in eliminating hand picking."

As to the respondent's argument that the commercial machine is the machine generally illustrated in the '355 patent, this was not proven at the trial, but, on the contrary, it was proven that the commercial machine was essentially the machine shown in the later patent of The Peelers Company No. 2,778,055 which was not in suit, and the Trial Court refused to allow testimony regarding differences between the disclosure of the '355 patent and respondent's commercial machines.

Thus, it appears, as asserted in question one proposed to this Court, that actually the decisions of both the District Court and the Appellate Court were based on the success and performance of the *commercial machine* without any independent evidence of utility of unidentified alleged "new combinations," or "inventions," disclosed in the patents *apart from the commercial machine.*

"New Use" in "Shrimp Art" as Asserted in Question Two Was Basis of Lower Court Decisions

The contention of the respondent at the bottom of page 7 of its brief that the question of "new use" could not arise in this case, is clearly refuted by the reliance of the Circuit Court at the end of its original decision (Pet. App. p. 6A) on Finding of Fact No. 26, that

> "The inventions of the patents in suit are primary and pioneer inventions *in the art of shrimp processing.*" (Italics supplied)

Why was it necessary to make reference to the "art of shrimp processing" in this finding if the *use* in this environment was not heavily relied upon? The "inventions" were not otherwise identified in the opinion of the District Court, or the opinion of the Appellate Court.

Moreover, it is clear that the Appellate Court rejected the "prior art" on the ground that,

> "corn-huskers, rock and gravel strainers, peanut stemmers and onion skinners are some of the other machines referenced by appellants." (App. Court's opinion, Pet. App. p. 5A)

If the *use* was not considered to be of any significance by the Court, why did it not make a comparison of the *mechanism,* rather than simply discussing the *use?*

On page 8 respondent accuses petitioners of misstatement of the findings and of "compounding this misstatement," asserting that

> "the Court found the device, *i.e.,* the combination to be *new.*"

Neither in respondent's brief, nor in any finding of fact, nor in the District Court's opinion, nor in the Appellate Court's opinion, however, is there any statement as to *what* combination was found to be "new." At the top of page 8 respondent makes particular reference to Finding 9 as asserting "new combinations of old elements." This finding is a typical example of the vagueness of the findings which do not state what old

elements were combined into what new combinations, or *what* invention was embodied in these machines.

Parenthetically this Finding 9 makes specific reference to the first machines successfully used in the automatic bulk peeling of shrimp, *which were the commercial machines.*

At the middle of page 8 of its brief respondent makes reference to Finding 24 as mentioning "the production of new functions and new results." What were these new functions? What were these new results? The findings, opinions and record are silent on this point. The Appellate Court held in its decision at the top of page 6A of the Appendix to petitioners' brief that,

> "The evidence * * *' was summed up in the trial court's Finding of Fact No. 26: 'The inventions of the patents in suit are primary and pioneer inventions in the art of shrimp processing.' "

Thus, the *only* conclusion which can logically be drawn from the findings of fact, decision of the District Court and decision of the Appellate Court, is that the basis for the statement of "new functions and new results" was that the machines peeled *shrimp* as distinguished from peeling corn, or onions, for example. It thus appears that the Court's whole basis for the decision was on the application of respondent's commercial machine to the "art of shrimp processing."

The statement near the bottom of page 8 of respondent's brief that,

> "The standard of invention reenunciated in the *A & P* case was *applied and discussed,"* (Italics supplied)

is erroneous. The A & P standard of invention was *not applied* to the facts of the case here in issue. All the Appellate Court did was to *quote* the judicial rule from the *Pursche* case (Pet. Br., App. p. 3A), but the Appellate Court made no attempt to *apply* that rule to the facts of this case. On the contrary, the statement in the case of *The Great Atlantic & Pacific Tea Company v. Supermarket Equipment Corp.*, 340 U.S. 147, is directly applicable here that,

> "Neither court below has made any finding that old elements which made up this device perform any additional or different function in the combination than they perform out of it."

The old elements of the patents here in suit were never discussed in the Lower Courts' decisions, nor was any *particular combination* of such elements discussed, nor was any specific "additional or different function" of any particular element discussed. It therefore cannot be said that the standard of invention of the *A & P* case "was applied" to the facts of the case here in issue, but it appears that the entire premise of the Courts' decisions was the "new use" of an assembly of old parts for peeling shrimp, instead of for peeling some other food product.

Respondent Misconstrues Petitioners' Objections to Findings

At the middle of page 9 of its brief, respondent characterizes the 52 findings as "complete and detailed." Simliarly, the Appellate Court on rehearing (Pet. App. p. 8A top) stated,

> "The findings are detailed and complete in re-

> spect to prior art, time of invention, existence of competing machines and comparison of functions; in short, novelty, utility, and invention."

There is no question but what the findings are "detailed" as to the "shrimp art." See Findings 10, 11, 12, 13, 14, 15, 29, 30, 31, 32, 33, 34 and 35. Thus, of the findings thirteen, or one-quarter, of them have nothing whatever to do with the

> "prior art, time of invention, existence of competing machines and comparison of functions"

unless the decisions of the Lower Courts were based on a "new use" of the machines in the *shrimp art*, to which question two proposed in the petition relates, and which has been discussed above.

Another nine of the findings, namely, Findings 1 to 8 and 36 are mere formal recitations of pleading background, and also have no bearing on the "prior art, time of invention, existence of competing machines and comparison of functions."

Another quarter, that is thirteen, of the findings, namely, Findings 9, 17, 18, 19, 20, 21, 22, 23, 24, 25, 27, 28 and 43 relate directly to respondent's *commercial machine*. Since respondent states that petitioners' assumption is erroneous that the commercial machine was used as the basis for determination of "invention" in this case (see Res. Br. p. 3), it is assumed that these "detailed" findings have no bearing on the issues in this case.

Thus, at least thirty-five of the fifty-two findings are not pertinent and must be disregarded under the classification of the Appellate Court on rehearing at the

top of page 8A of the Appendix in petitioners' brief of "prior art, time of invention, existence of competing machines and comparison of functions."

The "prior art" findings are Findings 45, 47, 48, 49 and 50, and none of these findings discusses any prior art patent specifically.

As to "time of invention," apparently only Finding 16 is pertinent.

While the Appellate Court mentions "existence of competing machines" as being covered by the findings, no finding on this point is evident.

The findings on "comparison of functions" presumably are Findings 37, 38, 39, 40, 41, 42 and 43, and *all* of these findings compare the function of petitioners' machine *with the functioning of respondent's commercial machine*, and it was *this comparison* on the basis of which infringement was found. The propriety of determining infringement on the basis of respondent's commercial machine is raised in question one.

The other findings, namely, Findings 26, 44, 46 and 51, simply state conclusions, or "ultimate facts," instead of presenting the *basis* for the decision of either Court.

At the bottom of page 9 of its brief, respondent calls to the attention of the Court the "express wording" of a list of findings and petitioners heartily join in urging the Court to study these findings. It is respectfully submitted that of those listed the Court will find, as pointed out above, that Findings 9, 17, 18, 19, 22, 23, and 24 clearly relate to respondent's *commercial machine* and

not to the machines of the three patents in suit, as petitioners have repeatedly emphasized. Further, the Court will find that of those findings enumerated by respondent Findings 36, 37, 38, 39 and 44 are directed to the "shrimp art," although respondent disclaims any bearing of "new use," as raised by question two, on the issues of this case.

Finding 2 in the list is a purely formal pleading finding.

Findings 45, 48 and 50 the Court will find to be representative examples of the vague and blanket fashion in which reference is made to the prior art.

Thus, these findings, suggested by respondent for consideration by the Court, are typical examples of inadequate findings *with respect to the issues in this suit.*

Respondent Admits the Inadequacy of Findings Restricted to "Ultimate Facts" and the necessity of Findings on "Circumstantial Facts" Not Present in this Case

On page 11 of its brief respondent accuses petitioners of creating

> "the misleading impression that the quoted extract set forth at the bottom of page 24 of the petition is taken from an *Esnault-Pelterie* decision, *when in fact it is an isolated extract from a decision of the Seventh Circuit Court of Appeals.*"

It was not petitioners' intention to create any misleading impression. It is noted that respondent was not misled by petitioners' statements, and since they were understood by respondent, obviously they would be understandable to the United States Supreme Court.

At the top of page 13 and the top of page 14 of its brief respondent points out that the pronouncement by the Seventh Circuit Court upon which petitioners rely are "dicta." At the middle of page 14 of its brief respondent calls attention to the wording from the case of *United States v. Robert Esnault-Pelterie*, 303 U.S. 26. Any inference which may be drawn from this case as to the necessity of "subordinate or circumstantial findings" also, strictly is dicta. The actual holding by the Supreme Court on this point is quoted from the case of *Kelley v. Everglades Drainage District*, 319 U.S. 415 at the middle of page 25 of the petition, but this was not a patent case.

It is precisely petitioners' point that this matter of the necessity of circumstantial findings has not been authoritatively ruled upon by the Supreme Court *in a patent case* and, in fact, even a good Circuit Court case on this point could not be found.

It appears from the comments of respondent at the bottom of page 14 and top of page 15 of its brief, that it agrees with the requirement for reasonably detailed circumstantial findings of fact and if this interpretation of respondent's brief is correct it is merely necessary to apply such rule to the findings of the present case to recognize their inadequacy.

Findings of Present Case are not Sufficient to Support Conclusions

In its brief at the bottom of page 15 and top of page 16, respondent contends in point two that the findings in this particular case are adequate and that this fact

can be established "by mere inspection of the findings themselves." The danger in this case is that if the findings are merely "inspected" and it is seen that there are 52 of them, the first impression would necessarily be that certainly the findings are "detailed" and "adequate." If these findings are *studied,* however, it will be found that the details pertain to the shrimp art, to formal matters and to respondent's commercial machines, for the most part, and therefore do not relate to circumstantial or evidentiary matters which are *actually pertinent* to the issues of this case.

It is respectfully submitted that even diligent study of the findings does not reveal a proper basis on which the decisions of the District Court and of the Appellate Court can be supported or reviewed on appeal and for this reason it is strenuously contended by petitioners that they do not comply with Rule 52(a) of the Federal Rules of Civil Procedure, if this rule is interpreted as respondent admits by implication it should be at the bottom of page 14 and top of page 15.

It is therefore respectfully submitted that the Appellate Court should have remanded the case to the District Court for the making of proper findings.

The Supreme Court should grant the Petition for Certiorari

Petitioners believe most sincerely that the decisions of the District Court and of the Circuit Court of Appeals are in error and that a ruling by the United States Supreme Court on the questions presented in the petition is necessary for the guidance of that Circuit Court

and other courts considering companion cases, as well as for the general guidance of courts trying and hearing appeals on patent cases. Where there has been a miscarriage of justice, as it is believed there is in the case here, petitioners have only the recourse of seeking review by this Court to correct such injustice.

Respectfully submitted,

ROBERT W. BEACH
Attorney for Petitioners.

PAUL L. O'BRIEN
Of Counsel

APPENDIX A.

UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

Docket No. 7887

In the Matter of
GRAND CAILLOU PACKING COMPANY, INC., a corporation,
EMILE M. LAPEYRE
Individually, and as President and Director of
Grand Caillou Packing Company, Inc., and
EMILE M. LAPEYRE,
FERNAND S. LAPEYRE,
JAMES M. LAPEYRE,
ANDRE C. LAPEYRE,
FELIX H. LAPEYRE, and
EMILE M. LAPEYRE, JR.,
individually, as co-partners
trading and doing business as
THE PEELERS COMPANY, and as
representative of all of the
partners in THE PEELERS COMPANY.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act (U.S.C. Title 15, Sec. 45), and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that the parties named in the caption hereof, and more particularly described and referred to hereinafter as respondents, have violated the provisions of Section 5 of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in respect thereto as follows:

PARAGRAPH ONE: Respondent Grand Caillou Packing Company, Inc., sometimes hereinafter referred to as Grand Caillou, is a corporation organized and existing under and by virtue of the laws of the State of Louisiana, with its office and principal place of business located at Houma, Louisiana.

Respondent Emile M. Lapeyre is President and a member of the Board of Directors of the corporate respondent and at all times mentioned herein participated in the formation, direction and control of the policies, practices and acts of Grand Caillou hereinafter referred to.

PARAGRAPH TWO: Respondents Emile M. Lapeyre, Fernand S. Lapeyre, James M. Lapeyre, Andre C. Lapeyre, Felix H. Lapeyre, and Emile M. Lapeyre, Jr., are individuals and co-partners, trading and doing business as The Peelers Company, with their offices and principal place of business located at 619 South Peters Street, New Orleans 4, Louisiana. These individual respondents, at all times mentioned herein, participated in the formation, direction and control of the policies, practices and acts of The Peelers Company hereinafter referred to.

PARAGRAPH THREE: The Peelers Company, now and since November, 1951, has been a partnership in commendam composed of six active or general partners (the individuals of the Lapeyre family named herein as respondents) and approximately twenty-six limited partners (also members of the Lapeyre family by blood or marriage) and respondent Grand Caillou Packing Company, Inc. Grand Caillou is a silent or inactive partner in The Peelers Company and is owned and controlled by members of the Lapeyre family. The officers and directors of the corporate respondent include the following individual respondents:

Emile M. Lapeyre, President and Director; Emile M. Lapeyre, Jr., Vice-President; Fernand S. Lapeyre, Director; James M. Lapeyre, Director; Andre C. Lapeyre, Director.

The Peelers Company is the successor to Peelers, Inc., a Louisiana corporation, which was dissolved in November, 1951. All of the stockholders in Peelers, Inc., members of the Lapeyre family, became partners in the present partnership. The Lapeyre family through its ownership, domination and control of Grand Caillou and The Peelers Company formulates, directs and controls, and authorizes all of the policies, practices and acts of both the respondent corporation and respondent partnership hereinafter referred to.

All of the partners in The Peelers Company constitute a class so numerous as to make it impracticable to specifically name them all as respondents herein. The individual partners of The Peelers Company, hereinbefore specifically named as respondents, are fairly representative of the class composed of all the partners in The Peelers Company, and are herewith and hereby made respondents as representative of that class. All partners in The Peelers Company, as represented by the individual respondents hereinbefore specifically named, are hereby made respondents as though specifically named herein and, together with the specifically named partners of The Peelers Company, are sometimes hereinafter referred to as The Peelers Company.

PARAGRAPH FOUR: Grand Caillou is engaged primarily in the business of processing, canning, selling, and distributing shrimp to customers located in various States of the United States, including the States of Washington, Oregon, and Alaska, and is one of the largest concerns of its kind in the country. In the course

and conduct of its business, Grand Caillou obtains raw shrimp, primarily from the Gulf Coast fishing area, processes and places this product in cans, and causes it to be shipped or otherwise transported to wholesale and retail customers located in states other than the state in which it carries on its canning and packing operations. There has been at all times mentioned herein, and is now, a continuous current and movement of said shrimp in interstate commerce, as "commerce" is defined by the Federal Trade Commission Act.

PARAGRAPH FIVE: The Peelers Company is engaged in the leasing, licensing or sale in the United States and foreign countries of shrimp peeling machines, shrimp cleaning machines, shrimp grading machines, shrimp deveining machines, shrimp separating machines, and other machinery pertaining to processing shrimp, hereinafter sometimse collectively referred to as shrimp processing machinery, to canners and packers of shrimp located in the United States and foreign lands. The Peelers Company controls patents, through direct ownership or assignment, or has patent applications pending, on all of its shrimp processing machinery.

In the course and conduct of its business, The Peelers Company causes its shrimp processing machinery to be shipped or otherwise transported to its lessee customers and other customers located in states other than the state or states in which such shipments originate and, in some instances, The Peelers Company sells its shrimp processing machinery to customers located outside of the continental limits of the United States. There has been at all times mentioned herein, and is now, a continuous current and movement of said shrimp processing machinery in interstate and foreign commerce,

as "commerce" is defined by the Federal Trade Commission Act.

PARAGRAPH SIX: Respondent Grand Caillou Packing Company, Inc., is now, and at all times mentioned herein has been, in competition with other individuals, partnerships, corporations and firms in the processing, canning, sale and distribution of shrimp and other seafoods in interstate commerce, except to the extent that such competition has been hindered, lessened, restricted, restrained and eliminated by the unlawful acts and practices hereinafter alleged.

PARAGRAPH SEVEN: The Peelers Company is now, and at all times mentioned herein has been, in competition with other individuals, partnerships, corporations and firms engaged in the manufacture, sale or lease, and distribution of shrimp processing machinery in interstate commerce, except to the extent that such competition has been hindered, lessened, restricted, restrained and eliminated by the unlawful acts and practices hereinafter alleged.

PARAGRAPH EIGHT: Prior to 1947, shrimp peeling, or picking, was done by hand labor. In 1947 the United States Patent Office issued a patent to respondents Fernand S. Lapeyre and James M. Lapeyre covering a shrimp peeling machine which efficiently peeled shrimp at sufficient speed and in such quantities to make feasible its commercial exploitation. In addition to the basic peeling machine, the individual respondents have subsequently obtained the issuance or control of additional patents on other shrimp processing machines which supplement and complement the peeling machine. These machines include a machine for cleaning shrimp after peeling or picking; one for slitting the shrimp's back; one for removing the heads from raw shrimp; and a machine for separating shrimp into

various sizes. In 1956 industry sales of processed shrimp exceeded $16,000,000.

Beginning about October, 1947, the individual respondents named herein through Peelers, Inc., began to commercially exploit the aforesaid shrimp peeling machine by the medium of leases and sales to shrimp canners and packers located throughout the United States and in foreign countries. These respondents through The Peelers Company now commercially exploit the aforesaid shrimp peeling machine and also the other shrimp processing machines on which they own or control patents. As of March, 1958, they had leased approximately 118 shrimp peeling machines, 70 shrimp cleaning machines, 68 shrimp separating machines, 41 shrimp deveining machines, and 19 shrimp grading machines to 51 processing plants located throughout the United States. Due to the efficiency of operation of respondents' shrimp processing machinery, domestic shrimp processors, including respondent Grand Caillou, must utilize these machines in their plants in order to compete in the processed shrimp market.

In addition to the aforementioned patents, the individual respondents, or The Peelers Company, have filed with the United States Patent Office, since May 17, 1956, applications for patents on an additional 11 different machines, designed for the processing of shrimp.

In addition to obtaining domestic patents and applying for other patents on shrimp processing machinery, the individual respondents, since about September, 1950, have obtained 86 foreign patents in 42 foreign countries on many of their various shrimp processing machines and have made patent applications for 24 patents in 24 foreign countries on other shrimp processing machinery.

PARAGRAPH NINE: From 1947 to the present the individual respondents, in the course and conduct of the business of The Peelers Company and its predecessor corporation, Peelers, Inc., as aforesaid, have engaged in unfair methods of competition and unfair acts and practices in interstate and foreign commerce, and, as a part thereof, have done and performed the following acts, among others:

(a) Since about February, 1951, the individual respondents, The Peelers Company, and Peelers, Inc., have entered into agreements with various individuals whereby respondents have obtained exclusive licenses granting all of the rights to control, manufacture, and commercially exploit various shrimp processing machines on which these licensors had obtained United States patents or had applied for United States patents. These licensors include, among others, Robert J. Semanie, James L. Self, Le Roy Ernest Demarest, Stephen D. Pool, and Walter Peuss. Individual respondents and The Peelers Company have, in most instances, never attempted to manufacture, develop, or commercially exploit the shrimp processing machines covered by the aforementioned agreements.

(b) Since about February, 1951, the individual respondents, The Peelers Company, and Peelers, Inc., have entered into agreements with Robert J. Semanie, James L. Self, Le Roy Ernest Demarest, and Stephen D. Pool, among others, whereby said individuals agreed to disclose to respondents any and all future inventions on machines pertaining to the processing of shrimp and agreed to assign or license such inventions, if any, to aforesaid respondents.

(c) Since the development of a competitive shrimp peeling machine or device, patented by Paul C. Skrmetta of New Orleans, Louisiana, in 1957, and here-

inafter called the Skrmetta machine, the individual respondents with full knowledge of that development and patent, have harassed, intimidated, and threatened suit for patent infringement against shrimp processors who purchased or leased the Skrmetta machine, or who were potential purchasers or lessees of the Skrmetta machine; have filed suit for patent infringement against purchasers, lessees, and manufacturers of the Skrmetta machine; have threatened suit for patent infringement against purchasers and prospective purchasers of the Skrmetta machine located in foreign countries; and have offered unfair terms and conditions of sale to purchasers and prospective purchasers of the Skrmetta machine located in foreign countries.

(d) The individual respondents and The Peelers Company have placed a provision in their agreements with lessees or licensees of their shrimp processing machinery in the United States which requires the lessee or licensee to purchase non-negotiable debentures issued by The Peelers Company. These debentures have a value of $500.00 each, bear an interest rate of five percent per annum and the majority of the outstanding debentures do not fall due or become payable until April 1, 1966. The aforesaid agreements between the respondents and such processors contain provisions requiring said processors to purchase from The Peelers Company a specific number of debentures for each type of leased shrimp processing machine, as follows:

Machine Type	*No. of Debentures*	*Total Debenture Amount per Machine*
Shrimp Peeler	12	$6,000
Shrimp Cleaner	2	1,000
Shrimp Separator	1	500
Shrimp Deveiner	6	3,000

(c) The individual respondents and The Peelers Company have leased or licensed the use of shrimp processing machinery to various processors of shrimp located in various states, including the States of Oregon, Washington, and Alaska at discriminatory and substantially higher rental or royalty rates than the rental or royalty rates granted to other lessees or licensees of similar machinery located in other States of the United States, including the State of Louisiana.

PARAGRAPH TEN: From 1947 to the present, Grand Caillou, in the course and conduct of its business, as aforesaid, and the individual respondents, in the course and conduct of the business of The Peelers Company and its predecessor corporation, Peelers, Inc., as aforesaid, have agreed and combined among themselves to adopt and carry out the unfair methods of competition and unfair acts and practices hereinbefore described and set forth in Paragraph Nine.

PARAGRAPH ELEVEN: Included among the effects and results of the methods of competition, acts and practices, as hereinbefore alleged, are the following:

(a) The Peelers Company has obtained a dominant position amounting to a virtual monopoly in the manufacture, leasing, licensing or sale, and distribution of shrimp processing machinery in the United States.

(b) Potential competitors and competitors of the individual respondents and The Peelers Company have been, or may be, hindered, restricted, or prevented from engaging in the business of manufacturing, leasing, licensing, selling, or otherwise distributing shrimp processing machinery in the United States and in foreign countries.

(c) Domestic shrimp processors have been, or may be, deprived of the benefits of fair competition in the

leasing, licensing, sale and distribution of shrimp processing machinery.

(d) Inventors and potential inventors of shrimp processing machinery have been, or may be, deterred from developing, producing, manufacturing, patenting, selling, leasing, licensing, or otherwise distributing and marketing shrimp processing machinery.

(e) Competitors of Grand Caillou in the processing, distribution or sale of shrimp or shrimp products have been, or may be, injured, and competition with Grand Caillou has been, or may be, prevented or destroyed.

(f) Competition in the processing, distribution or sale of shrimp or shrimp products has been, or may be, substantially lessened, and a tendency toward monopoly has occurred.

PARAGRAPH TWELVE: The aforesaid acts and practices of the respondents have the tendency to unduly hinder competition and have injured, hindered, suppressed, lessened, or eliminated actual and potential competition, as hereinbefore alleged, and are to the prejudice and injury of the public, and constitute unfair methods of competition in commerce or unfair acts or practices in commerce, within the intent and meaning of Section 5 of the Federal Trade Commission Act.

WHEREFORE, THE PREMISES CONSIDERED, the Federal Trade Commission on this 13th day of May, A.D. 1960, issues its complaint against said respondents.

NOTICE

Notice is hereby given to each of the respondents hereinbefore named that the 26th day of July, A.D. 1960, at 10 o'clock, New Orleans, Louisiana, is hereby fixed as the time and as the place when and where a hearing will be had before a hearing examiner of the

Federal Trade Commission, on the charges set forth in this complaint, at which time and place you will have the right under said Act to appear and show cause why an order should not be entered requiring you to cease and desist from the violations of law charged in this complaint.

You are notified that the opportunity is afforded you to file with the Commission an answer to this complaint on or before the thirtieth (30th) day after service of it upon you. Such answer shall contain a concise statement of the facts constituting the ground of defense and a specific admission, denial or explanation of each fact alleged in the complaint, or, if respondents are without knowledge thereof, a statement to that effect.

If respondents elect not to contest the allegations of fact set forth in the complaint, the answer shall consist of a statement that respondents admit all material allegations to be true. Such an answer shall constitute a waiver of hearing as to facts so alleged, and an initial decision containing appropriate findings and conclusions and an appropriate order disposing of the proceeding shall be issued by the hearing examiner. In such answer respondents may, however, reserve the right to submit proposed findings and conclusions and the right to appeal under Section 3.22 of the Commission's Rules of Practice for Adjudicative Proceedings.

If any respondent elects to negotiate a consent order, it shall be done in accordance with Section 3.25 of the Commission's Rules of Practice.

Failure to file answer within the time above provided and failure to appear at the time and place fixed for hearing shall be deemed to authorize a hearing examiner, without further notice to respondents, to find the facts to be as alleged in the complaint, to conduct a hearing to determine the form of order, and, thereafter,

to enter an initial decision containing such findings and order.

IN WITNESS WHEREOF, the Federal Trade Commission has caused this, its complaint, to be signed by its Secretary, and its official seal to be hereto affixed, at Washington, D.C., this 13th day of May, 1960.

By the Commission.

SEAL

/s/ ROBERT M. PARRISH,
Robert M. Parrish
Secretary.